

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You are advised to exercise caution in relation to the Offers. **If you are in doubt** as to the content of this Composite Document and/or the accompanying Form(s) of Acceptance and/or any aspect of the Offers or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Composite Document does not constitute an offer to sell or an invitation or solicitation of an offer to acquire, purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Composite Document does not constitute a prospectus or a prospectus equivalent document.

If you have sold or transferred all your shares in Pine Care Group Limited, you should at once hand this Composite Document and the enclosed Form(s) of Acceptance to the purchaser or the transferee or to the licensed securities dealer or the registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) 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(s) of Acceptance.



CHINACHEM GROUP
華懋集團

Diamond Ridge Holdings Limited

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



松齡護老集團
Pine Care Group

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 OFFER AND RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFERS BY
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL 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)**

Joint Financial Advisers to the Offeror



KPMG Corporate Finance Limited



RAINBOW.
RAINBOW CAPITAL (HK) LIMITED
濠博資本有限公司

Rainbow Capital (HK) Limited



AKRON
Akron Corporate Finance Limited
亞貝隆資本有限公司

Akron Corporate Finance Limited

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

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) having the same meanings as those defined in the "Definitions" section of this Composite Document. A letter from the Joint Financial Advisers containing, among other things, the details of the terms of the Offers is set out in the "Letter from the Joint Financial Advisers" section of this Composite Document. A letter from the Board is set out in the "Letter from the Board" section of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Offer Shareholders and the Offer Optionholders in relation to the Offers is set out in the "Letter from the Independent Board Committee" section of this Composite Document. A letter from Akron Corporate Finance, being the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in relation to the Offers is set out in the "Letter from the Independent Financial Adviser" section of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. The **WHITE** Form of Acceptance and Transfer for Share Offer should be received by the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong and the **PINK** Form of Acceptance for Option Offer should be received by the Company at G/F, 1 Koon Wah Lane, 68-72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on Friday, 28 October 2022 or such later time and/or date as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Shareholders and Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the "Important Notices" section of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraphs headed "9. Overseas Shareholders and Optionholders" in the "Letter from the Joint Financial Advisers" section of this Composite Document before taking any action. It is the responsibility of any Overseas Shareholders and Overseas Optionholders wishing to take any action in relation to the Share Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders and/or Overseas Optionholders in respect of the acceptance of the Offers (as applicable) in such jurisdiction. The Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers (as applicable). This Composite Document is issued jointly by the Offeror and the Company.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pinecaregroup.com>) as long as the Offers remain open. In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

7 October 2022

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates in this Composite Document and the Form(s) of Acceptance refer to Hong Kong local times and dates.

Hong Kong time

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| Date of despatch of this Composite Document and the accompanying Form(s) of Acceptance and commencement of the Offers (<i>Note 1</i>)..... | Friday, 7 October 2022 |
| Latest time and date for acceptance of the Offers on the Closing Date (<i>Note 2</i>)..... | 4:00 p.m. on Friday, 28 October 2022 |
| Closing Date (<i>Note 2</i>) | Friday, 28 October 2022 |
| Announcement of the results of the Offers as at the Closing Date on the websites of the Stock Exchange and the Company (<i>Note 2</i>)..... | no later than 7:00 p.m. on Friday, 28 October 2022 |
| Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers on or before the latest time and date for acceptance of the Offers on the Closing Date (<i>Note 3</i>)..... | Tuesday, 8 November 2022 |

Notes:

- (1) The Offers, which are unconditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.
- (2) In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Friday, 28 October 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement no later than 7:00 p.m. on Friday, 28 October 2022 stating whether the Offers have been extended, revised or have expired. In the event that the Offeror decides to extend the Offers, and the announcement regarding the extension of the Offers do not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Offer Shareholders and Offer Optionholders who have not accepted the Share Offer and the Option Offer, respectively.

Beneficial owners of Shares who hold their 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.

All acceptances, instructions, authorisations and undertakings given by the Offer Shareholders in the **WHITE** Form of Acceptance and Transfer for Share Offer and by the Optionholders in the **PINK** Form of Acceptance for Option Offer shall be irrevocable except as permitted under the Takeovers Code. Please refer to paragraph headed "7. Right of Withdrawal" in Appendix I to this Composite Document for further information of the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

- (3) Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of the Share Offer) payable for the Offer Shares tendered under the Share Offer will be posted to the Offer Shareholders accepting the Share Offer by ordinary post at their own risk. Payment of the consideration for the Offer Options tendered for cancellation under the Option Offer will be posted by ordinary post to the Offer Optionholders by ordinary post at their own risk. Payment will be made as soon as possible, but in any event within seven (7) Business Days from the date of receipt of complete and valid acceptance by the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFERS AND/OR THE LATEST DATE FOR POSTING OF REMITTANCE

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning or "extreme conditions" caused by super typhoons:

1. 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 Offers and the latest date for posting of cheques for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of the cheques will be made on the same Business Day; or
2. 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 Offers and the latest date for posting of cheques for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code and the posting of the cheques will be made on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m..

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Offers to the Overseas Shareholders and the Offer Optionholders may be subject to the laws or regulations of the relevant jurisdictions of residence of the Offer Shareholders and the Offer Optionholders. The making of the Offers to Overseas Shareholders and the Overseas Optionholders and their acceptances of the Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions of residence of the Overseas Shareholders and Overseas Optionholders. The Overseas Shareholders and Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting Shareholders and Optionholders of any transfer or other taxes in respect of their acceptances.

Any acceptance of the Offers by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or the Optionholder to the Offeror and the Company that all the laws and regulations of the relevant jurisdictions have been complied with and that the Offers can be accepted by such Shareholder or Optionholder lawfully under the laws and regulations of the relevant jurisdictions. Shareholders and Optionholders should consult their professional advisers if in doubt.

The Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the overseas Shareholders and Overseas Optionholders for any taxes they may be required to pay. Please see the paragraphs headed “9. Overseas Shareholders and Optionholders” in the “Letter from the Joint Financial Advisers” section in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, general, social, economic and political conditions in the countries in which the Group operates or other countries which have an impact on the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the

IMPORTANT NOTICES

countries in which the Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, neither the Offeror nor the Company assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Accepting Optionholder(s)” | the Optionholder(s) who accept(s) the Option Offer |
| “Accepting Shareholder(s)” | the Shareholder(s) who accept(s) the Share Offer |
| “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 |
| “Board” | the board of Directors |
| “Business Day” | a day on which the Stock Exchange is open for transaction of business |
| “BVI” | British Virgin Islands |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Chinachem Group” | Chime Corporation Limited and its subsidiaries |
| “Closing Date” | 28 October 2022, being the closing date of the Offers, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror and approved by the Executive in accordance with the Takeovers Code |
| “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 took place, being 30 September 2022 |
| “Composite Document” | this composite offer and response document dated 7 October 2022 and 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 |

DEFINITIONS

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| “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 |
| “Form(s) of Acceptance” | the WHITE Form of Acceptance and Transfer for Share Offer and the PINK Form of Acceptance of the Option Offer, collectively, each a Form of Acceptance |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “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” or “Akron Corporate Finance” | Akron Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offers |
| “Investor Participant” | the person admitted to participate in CCASS as investor participants |
| “Joint Announcement” | the joint announcement dated 30 August 2022 jointly issued by the Offeror and the Company in relation to the SP Agreement and the Offers |
| “Joint Financial Advisers” | KPMG Corporate Finance and Rainbow Capital, the joint financial advisers to the Offeror in relation to the Offers |

DEFINITIONS

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| “KPMG Corporate Finance” | KPMG Corporate Finance Limited, being one of the Joint Financial Advisers, a licensed corporation 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 the Joint Announcement |
| “Latest Practicable Date” | 3 October 2022, 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 |
| “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” | the meaning ascribed to it in the Takeovers Code which commenced on 30 August 2022, being the date of the Joint Announcement, and which will end on the date on which the Offers close for acceptances |
| “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 is making the Offers through Rainbow Capital |

DEFINITIONS

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| “Offeror Concert Parties” | the Offeror and parties acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, the principal members of which includes the Offeror, Chime Corporation Limited, Parasia Limited, CCG Healthcare Holdings Limited, Mr. Wong Hung Han, Mr. Choi Wun Hing, Donald, Mr. Chan Kam Por, Mr. Ng Shung Mo, Mr. Jong Yat Kit and Mr. Wong Tak Wai |
| “Offers” | the Share Offer and the Option Offer |
| “Option Offer” | the mandatory unconditional offer 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 set out in this Composite Document and the PINK Form of Acceptance for Option Offer, 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 tender their Offer Options for cancellation under the Option Offer |
| “Optionholders” | holders of the Outstanding Share Options |
| “Outstanding Share Option(s)” | share option(s) which has/have been duly granted and remain(s) outstanding and exercisable in accordance with the Share Option Scheme and has/have neither lapsed nor been cancelled or exercised in full and, where a Share Option has been exercised in part as permitted by the terms of such Share Option, includes that part of the Share Option that has not been exercised and which has neither lapsed nor been cancelled |
| “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 |
| “ PINK Form of Acceptance for Option Offer” | the PINK form of acceptance in respect of the Option Offer |
| “PRC” | the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan) |

DEFINITIONS

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| “Rainbow Capital” | Rainbow Capital (HK) Limited, being one of the Joint Financial Advisers, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “Registrar” | Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the agent to receive the WHITE Form of Acceptance and Transfer for Share Offer |
| “Relevant Period” | the period from 28 February 2022, being the day six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date |
| “Retention Amount” | has the same meaning given to it in the paragraphs headed “The SP Agreement — Retention Amount” in the Joint Announcement |
| “Sale Shares” | the 506,974,000 Shares in aggregate 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 Latest Practicable Date |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholders” | holders of the Shares |
| “Share Offer” | the mandatory unconditional cash offer made by Rainbow Capital for and on behalf of the Offeror to acquire all Offer Shares, on the terms and conditions set out in this Composite Document and the WHITE Form of Acceptance and Transfer for Share Offer, 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 Option Scheme” | the share option scheme of the Company adopted on 23 January 2017 |

DEFINITIONS

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| “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 |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “ WHITE Form of Acceptance and Transfer for Share Offer” | the WHITE form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document |
| “%” | per cent. |

All references in this Composite Document to times and dates are references to Hong Kong times and dates, unless otherwise specified.

In this Composite Document, unless the context otherwise requires or specifically states otherwise:

- (a) the singular includes the plural and vice versa;
- (b) one gender includes the other genders; and
- (c) references to individuals include companies and other corporations and vice versa.

LETTER FROM THE JOINT FINANCIAL ADVISERS



8/F Prince's Building
Central
Hong Kong



RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司
Room 5B, 12th Floor
Tung Ning Building
No. 2 Hillier Street
Sheung Wan, Hong Kong

7 October 2022

To the Offer Shareholders and the Offer Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL 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)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SP Agreement and the Offers.

The Company was informed by the Offeror and the Vendors that 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 represented approximately 56.15% of the total number of issued Shares as at the date of the Joint Announcement.

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. On the Completion Date, the Offeror and the Company jointly announced that Completion took place on even date. Immediately after Completion and as at the Latest Practicable Date, the Offeror held 506,974,000 Shares, which represented approximately 56.15% of the total number of issued Shares.

The Offeror is therefore required to 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,

LETTER FROM THE JOINT FINANCIAL ADVISERS

through Rainbow Capital, makes 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, respectively.

This letter sets out, among other things, the principal terms of the Offers, together with the information of the Offeror and the Offeror's intentions regarding the Group. Further details of the Offers and the procedures for accepting the Offers are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Your attention is also drawn to the "Letter from the Board" and the "Letter from the Independent Board Committee" to the Offer Shareholders and the Offer Optionholders, the "Letter from the Independent Financial Adviser" to the Independent Board Committee, as well as the Option Offer letter, the form of which is set out in the "Form of Option Offer Letter", as contained in this Composite Document, the accompanying Form(s) of Acceptance and the appendices which form part of this Composite Document.

2. THE SHARE OFFER

Rainbow Capital, on behalf of the Offeror, makes the Share Offer on the following terms:

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 the Joint Announcement.

The Share Offer is 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 this 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 this Composite Document.

The Company confirms that as at the Latest Practicable Date, (i) it had not declared any dividend which had not yet been paid and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Comparisons 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;
- (vii) a premium of 1.1% over the closing price of HK\$0.880 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) 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 Latest Practicable Date.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.880 per Share on the Last Trading Day and the Latest Practicable Date, and HK\$0.249 per Share on 2 March 2022, respectively.

LETTER FROM THE JOINT FINANCIAL ADVISERS

3. THE OPTION OFFER

Rainbow Capital, on behalf of the Offeror, makes the Option Offer 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 Latest Practicable Date, (i) there were 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 is extended to all outstanding Offer Options.

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 Offer will be extended to any Shares that are issued as a result of the exercise of the Offer Options and valid acceptance in respect of such issued Shares is accepted on or before the date on which the Share Offer is closed, and 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 on the Closing Date.

Save for the 18,700,000 Outstanding Share Options, as at the Latest Practicable Date, 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.

LETTER FROM THE JOINT FINANCIAL ADVISERS

4. TOTAL VALUE OF THE OFFERS

As at the Latest Practicable Date, there were 902,880,000 Shares in issue and 18,700,000 Outstanding 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 Outstanding 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 Latest Practicable Date. Assuming the Share Offer is accepted in full (including all the Shares allotted and issued as a result of the exercise of the Outstanding 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 full acceptance of the Offers is HK\$368,999,340, assuming that the Share Offer is accepted in full and including all the Shares allotted and issued as a result of the exercise of all Outstanding Share Options. The Offeror intends to finance the Offers with its internal resources.

KPMG Corporate Finance and Rainbow Capital, being the Joint Financial Advisers, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offers.

5. 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 this 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, the record date of which falls on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

LETTER FROM THE JOINT FINANCIAL ADVISERS

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 this 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.

6. 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 following the day on which the duly completed acceptances of the Offers and the share certificate(s) or other relevant evidence 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 Accepting Shareholder and an Accepting Optionholder will be rounded up to the nearest cent.

7. 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.

8. 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, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers is in a position to advise the Shareholders and the Optionholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

9. 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.

10. 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 has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offers or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

11. CHANGES TO THE COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board was made up of 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.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Resignation

Pursuant to the SP Agreement, the Vendors have procured the following Directors (“**Resigning Directors**”) to give, and each of the Resigning Directors has given, notice to resign from the positions set out below with effect from the earliest time permitted under the Takeovers Code (i.e. after the closing of the Offers on the Closing Date):

- (1) Mr. Tang Yiu Sing as an executive Director, the chairman of the Board, a member of remuneration committee and the chairman of nomination committee;
- (2) Mr. Yeung Ka Wing as an executive Director and the authorised representative for the purposes of Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and Rules 3.05 of the Listing Rules;
- (3) Mr. Cheng Wai Ching as an executive Director; and
- (4) Dr. Tang Yiu Pong as the non-executive Director.

Appointment

The Offeror had nominated the following persons to the board positions (“**Nominated Directors**”) set out below:

- (1) Mr. Choi Wun Hing Donald as a non-executive Director;
- (2) Mr. Wong Hung Han as a non-executive Director;
- (3) Mr. Tsang Tin For as a non-executive Director;
- (4) Mr. Wu Tat Ming Damein as a non-executive Director; and
- (5) Ms. Hui Wai Man as a non-executive Director.

All the appointments set out above shall take effect on 7 October 2022 after posting of this composite document.

Biographical details of the Nominated Directors are set out below:

Mr. Choi Wun Hing Donald

Mr. Choi Wun Hing Donald, aged 65, is currently the Executive Director and Chief Executive Officer of Chinachem Group. He is responsible for managing Chinachem Group’s operation and overseeing the corporate development and business strategies of Chinachem Group.

Mr. Choi holds various degrees and has worked globally as an architect and developer for more than 30 years and believes passionately in the power of design to empower society. Very active across a number of business, community, professional, and academic areas, he is, or had served as, amongst other roles, President of the

LETTER FROM THE JOINT FINANCIAL ADVISERS

Hong Kong Institute of Architects, President of the Hong Kong Institute of Urban Design, and Chief Curator for the Hong Kong Exhibition at the 17th Venice Biennale. Mr. Choi is also a Trustee of Rhode Island School of Design, Board Member of Business Environment Council, Hong Kong Science and Technology Parks Corporation and Hong Kong Green Building Council, Building Committee Member of the CUHK Medical Centre, Chairperson of Construction Innovation and Technology Application Centre, and the Honorary Advisor of the Hong Kong Workers' Health Centre.

Mr. Choi is a fellow of the Hong Kong Institute of Architects and a fellow of the Hong Kong Institute of Urban Design. He is also a member of various architectural institutions from other jurisdictions, including the Royal Architectural Institute of Canada, the Royal Australian Institute of Architects, the Royal Institute of British Architects, and the Architectural Institute of British Columbia and has PRC Class 1 Registered Architect Qualification.

Mr. Wong Hung Han

Mr. Wong Hung Han, aged 50, is currently the Executive Director and Chief Operating Officer of Chinachem Group. He joined Chinachem Group in 2013 as Head of Internal Audit and was appointed as the Chief Operating Officer since 2018. He has direct managerial responsibilities over property services, human resources, legal, company secretarial, workplace services, insurance, internal controls and central procurement functions of the Chinachem Group. He also oversees Chinachem Group's risk management and crisis management. Mr. Wong is currently the non-executive director of ENM Holdings Limited (stock code: 128). Mr. Wong is also a proposed director of the subsidiaries of the Company.

Mr. Wong holds a Master of Science in Real Estate degree from the University of Hong Kong, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Bachelor of Science (Computer and Information Sciences) degree from the National University of Singapore.

Mr. Tsang Tin For

Mr. Tsang Tin For, aged 60, is currently the Deputy Chief Financial Officer of Chinachem Group. He is responsible for managing the finance, investment and treasury functions of Chinachem Group. Mr. Tsang is also a proposed director of the subsidiaries of the Company.

Mr. Tsang has over 30 years of experience in finance and risk management, and has held senior positions in different industries including real estate groups in Hong Kong. Prior to joining Chinachem Group, he was the director of corporate audit of Hang Lung Properties Limited, the general manager of the financial control department of MTR Corporation Limited, and an executive director of Hysan Development Company Limited.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Mr. Tsang holds a Master of Arts degree and a Bachelor of Arts degree in Engineering Science from the University of Oxford. Mr. Tsang is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of The Association of Corporate Treasurers.

Mr. Wu Tat Ming Damein

Mr. Wu Tat Ming Damein, aged 53, is currently the Chief Investment Officer of CCG Investments Limited and the Director of Business Transformation and Innovation of Chinachem Group. He is responsible for formulating and executing investment and business transformation strategies to enhance Chinachem Group's existing businesses and operations, as well as to identify new business models and revenue streams for future growth. Mr. Wu is also a proposed director of the subsidiaries of the Company.

Mr. Wu has over 25 years of experience in investment and innovation. Prior to joining Chinachem Group, Mr. Wu had worked at various multinational companies and/or consulting firms, including china.com Corporation Limited, Avanade Hong Kong Limited and Link Asset Management Limited.

Mr. Wu holds a Bachelor of Mathematics (Joint Honours in Management Accounting Option/Computer Science — Co-operative Program) degree from The University of Waterloo. He is also the Vice President of Smart City Consortium, a member of the expert review panel of the Logistics and Supply Chain MultiTech R&D Centre Limited, and a member of the Enterprise Support Scheme assessment panel under the Innovation and Technology Fund of The Innovation, Technology and Industry Bureau.

Ms. Hui Wai Man

Ms. Hui Wai Man, aged 43, is currently the Director of Chief Executive Officer Office of Chinachem Group. She is responsible for leading and driving all stakeholders to implement business strategies and execute new initiatives and major projects of Chinachem Group.

Ms. Hui has over 20 years of experience in accounting and corporate advisory. Prior to joining Chinachem Group, she had worked at the Hong Kong and Shanghai offices of PricewaterhouseCoopers Limited and specialised in advisory practice.

Ms. Hui holds a Bachelor of Business Administration in Finance degree from the Hong Kong University of Science and Technology and is a certified public accountant of the Hong Kong Institute of Certified Public Accounts.

Save as disclosed above, each of the Nominated Directors (i) does not hold any other position with the Company or any of its subsidiaries; (ii) has not hold any other directorship in, or direct or indirect interest in 10% or more of the issued share capital of, any other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) does

LETTER FROM THE JOINT FINANCIAL ADVISERS

not have any relationship with any directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (iv) does not have any interest in the Shares or underlying Shares in the Company (within the meaning of Part XV of the SFO). There is no other information in relation to the appointments of the Nominated Directors that is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

According to Rule 3.10A of the Listing Rules, independent non-executive directors of a listed issuer must represent at least one-third of its board of directors. Upon the appointment of the Nominated Directors becoming effective, the Board will comprise 14 members with 4 executive Directors, 6 non-executive Directors and 4 independent non-executive Directors. As a result, the number of independent non-executive Directors falls below one-third of members of the Board as required under Rule 3.10A of the Listing Rules. Assuming the resignation of the Resigning Directors will take effect immediately after closing of the Offers on the Closing Date and there are no other changes to the Board save as disclosed herein, it is expected that the Company will be able to re-comply with the requirement under Rule 3.10A of the Listing Rules within three months from the effective date of the appointment of the Nominated Directors in accordance with the Listing Rules.

As at the Latest Practicable Date, save for the Nominated Directors, the Offeror is still in the progress of identifying additional suitable candidates for the Board and has not reached any final decision. The Offeror may propose to make any further changes to the composition of the Board that it deems necessary or appropriate to the Group's businesses and operations. Further announcement(s) will be made upon any changes to the composition of the Board as and when appropriate.

12. COMPULSORY ACQUISITION

The Offeror does not intend to privatise the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Share Offer after the close of the Offers.

13. PUBLIC FLOAT

The Stock Exchange has stated that if, at 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 will consider exercising its discretion to suspend trading in the Shares.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of Offeror and the Nominated Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

14. INFORMATION OF 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 senior care services.

The financial information of the Group is set out in Appendix II to this Composite Document. Further information in relation to the Group is set out in Appendix III to this Composite Document.

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.

Further information in relation to the Offeror is set out in Appendix IV to this Composite Document.

15. GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the 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 Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

LETTER FROM THE JOINT FINANCIAL ADVISERS

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong. Attention of the Overseas Shareholders and Overseas Optionholders is drawn to paragraph headed “9. Overseas Shareholders and Optionholders” above in this letter.

All documents and remittances for the Share Offer will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Offer Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

All documents and remittances for the Option Offer will be sent to the Offer Optionholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of optionholders of the Company, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

16. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers, the Offeror and the Group set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which forms part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” to the Independent Board Committee in respect of the Offers as contained in this Composite Document.

Yours faithfully,
For and on behalf of

KPMG Corporate Finance Limited
Eric Lau
Director

Rainbow Capital (HK) Limited
Larry Choi
Managing 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. Tang Yiu Sing (*Chairman*)
Mr. Chan Yip Keung (*Chief Executive Officer*)
Mr. Yeung Ka Wing
Mr. Cheng Wai Ching

Non-executive Director:

Dr. Tang Yiu Pong

Independent non-executive Directors:

Mr. Yuen Tak Tim Anthony
Mr. Lam Cheung Wai
Mr. Wong Kam Pui
Mr. Wong Kit Loong

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

7 October 2022

To the Offer Shareholders and the Offer Optionholders

Dear Sir or Madam,

**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)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SP Agreement and the Offers.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, 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 represented approximately 56.15% of the total number of issued Shares as at the date of the Joint Announcement. Completion took place on 30 September 2022.

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 and as at the Latest Practicable Date, the Offeror held 506,974,000 Shares, representing approximately 56.15% of the total number of issued Shares.

The Offeror is therefore required to 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, through Rainbow Capital, makes 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, respectively.

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 terms of the Offers; (ii) the letter from the Independent Board Committee containing its recommendation to the Offer Shareholders and the Offer Optionholders in relation to the Offers; and (iii) the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance.

2. INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, 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 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.

LETTER FROM THE BOARD

Akron Corporate Finance has been appointed as the Independent Financial Adviser 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.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Offer Shareholders and the Offer Optionholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document before taking any actions in respect of the Offers.

3. MANDATORY UNCONDITIONAL CASH OFFERS

As at the Latest Practicable Date, the Company had (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 Latest Practicable Date, 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.

Upon Completion, the Offeror owns 506,974,000 Shares, representing approximately 56.15% of the total number of issued Shares as at the Latest Practicable Date, and is required to 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).

Principal terms of the Share Offer

The “Letter from the Joint Financial Advisers” in this Composite Document contains the information in respect of the Offers, including those set out below.

Rainbow Capital, on behalf of the Offeror, is making 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 the Joint Announcement.

LETTER FROM THE BOARD

The Share Offer is 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 this 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 this Composite Document.

The Company confirms that as at the Latest Practicable Date, (i) it had not declared any dividend which had not yet been paid and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Comparisons 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;
- (vii) a premium of 1.1% over the closing price of HK\$0.880 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

(viii) 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 Latest Practicable Date.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.880 per Share on the Last Trading Day and the Latest Practicable Date, and HK\$0.249 per Share on 2 March 2022, respectively.

Principal terms of the Option Offer

Rainbow Capital, on behalf of the Offeror, is making the Option Offer 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 Latest Practicable Date, (i) there were 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 held any Share Options.

The Option Offer is extended to all outstanding Offer Options.

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.

LETTER FROM THE BOARD

Accordingly, the Share Offer will be extended to any Shares that are issued as a result of the exercise of the Offer Options and valid acceptance in respect of such issued Shares is accepted on or before the date on which the Share Offer is closed, and 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 on the Closing Date.

Save for the 18,700,000 Outstanding Share Options, as at the Latest Practicable Date, 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

Your attention is drawn to the paragraph headed “4. Total value of the Offers” in the “Letter from the Joint Financial Advisers” in this Composite Document, which sets out the total value of the Offers.

4. INFORMATION ON 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.

Your attention is drawn to Appendices II and III to this Composite Document, which contain the financial information 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 before the Completion; and (ii) immediately upon the Completion and as at the Latest Practicable Date:

| | Immediately prior to Completion | | Immediately upon Completion and as at the Latest Practicable Date | |
|---|------------------------------------|---|---|---|
| | Number of Shares | <i>Approximate % of issued Shares</i> | Number of Shares | <i>Approximate % of issued Shares</i> |
| | | | | |
| 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 | — | — |
| Subtotal | <u>506,974,000</u> | <u>56.15</u> | <u>—</u> | <u>—</u> |
| 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 | <u>395,906,000</u> | <u>43.85</u> | <u>395,906,000</u> | <u>43.85</u> |
| Total | <u><u>902,880,000</u></u> | <u><u>100.00</u></u> | <u><u>902,880,000</u></u> | <u><u>100.00</u></u> |

Notes:

- 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.
- 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.
- These 9,400,000 Shares were held by Mr. Tang Shing Bor (deceased) as beneficial owner.

LETTER FROM THE BOARD

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, 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) while Silverage Pillar Limited is in turn owned as to 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex. Mr. Yim Ting Kwok also held 4,568,000 Shares as beneficial owner.
5. Mr. Chan Yip Keung is an executive Director.

6. INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraphs headed “14. Information of the Parties” in the “Letter from the Joint Financial Advisers” in, and Appendix IV to, this Composite Document.

7. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “10. Intention of the Offeror in relation to the Group” in the “Letter from the Joint Financial Advisers” in this Composite Document.

The Board notes that the Offeror (i) 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; and (ii) has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offers or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. The Board is also aware that 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 Board is pleased to note the intention of the Offeror in respect of the Group as disclosed.

Proposed changes to the composition of the Board

Your attention is drawn to the paragraph headed “11. Changes to the composition of the Board” in the “Letter from the Joint Financial Advisers” in this Composite Document.

As at the Latest Practicable Date, the Board was made up of 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.

LETTER FROM THE BOARD

Pursuant to the SP Agreement, the Vendors have procured the following Directors (the “**Resigning Directors**”) to give, and each of the Resigning Directors has given notice to resign from the positions set out below with effect from the earliest time permitted under the Takeovers Code (i.e. after the closing of the Offers on the Closing Date):

- (1) Mr. Tang Yiu Sing as an executive Director, the chairman of the Board, a member of the remuneration committee and the chairman of the nomination committee;
- (2) Mr. Yeung Ka Wing as an executive Director and the authorised representative for the purposes of Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and Rule 3.05 of the Listing Rules;
- (3) Mr. Cheng Wai Ching as an executive Director; and
- (4) Dr. Tang Yiu Pong as the non-executive Director.

The Board noted from the “Letter from the Joint Financial Advisers” in this Composite Document that the Offeror had nominated the following persons to the board positions (“**Nominated Directors**”), the appointments of which shall take effect on 7 October 2022 after posting of this Composite Document:

- (1) Mr. Choi Wun Hing Donald as a non-executive Director;
- (2) Mr. Wong Hung Han as a non-executive Director;
- (3) Mr. Tsang Tin For as a non-executive Director;
- (4) Mr. Wu Tat Ming Damein as a non-executive Director; and
- (5) Ms. Hui Wai Man as a non-executive Director.

For details of the biographies of the Nominated Directors, please refer to the paragraph headed “11. Changes to the composition of the Board” in the “Letter from the Joint Financial Advisers” in this Composite Document.

According to Rule 3.10A of the Listing Rules, independent non-executive directors of a listed issuer must represent at least one-third of its board of directors. Upon the appointment of the Nominated Directors becoming effective, the Board will comprise 14 members with 4 executive Directors, 6 non-executive Directors and 4 independent non-executive Directors. As a result, the number of independent non-executive Directors falls below one-third of members of the Board as required under Rule 3.10A of the Listing Rules. Assuming the resignation of the Resigning Directors will take effect immediately after closing of the Offers on the Closing Date and there are no other changes to the Board save as disclosed herein, it is expected that the Company will be able to re-comply

LETTER FROM THE BOARD

with the requirement under Rule 3.10A of the Listing Rules within three months from the effective date of the appointment of the Nominated Directors in accordance with the Listing Rules.

The Board noted from the “Letter from the Joint Financial Advisers” in this Composite Document that, as at the Latest Practicable Date, the Offeror is identifying additional suitable candidates for the Board and has not reached any final decision.

Further announcement(s) will be made upon any changes to the composition to the Board as and when appropriate.

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

Your attention is drawn to the paragraph headed “13. Public float” in the “Letter from the Joint Financial Advisers” in this Composite Document.

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the 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) that there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Board noted from the “Letter from the Joint Financial Advisers” that the Offeror intends the Company to remain listed on the Stock Exchange and the sole director of the Offeror and the Nominated Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares.

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

10. ADDITIONAL INFORMATION

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

LETTER FROM THE BOARD

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,
By Order of the Board
Pine Care Group Limited
Tang Yiu Sing
Chairman and Executive Director

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 Offers.



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)

7 October 2022

To the Offer Shareholders and the Offer Optionholders

Dear Sir or Madam,

**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)**

We refer to the Composite Document dated 7 October 2022 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 by the Board to constitute the Independent Board Committee for the purpose of advising the Offer Shareholders in respect of the Share Offer and the Offer Optionholders in respect of the Option Offer, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Akron Corporate Finance has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the terms of the Offers, as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. Details of its advice and the principal factors taken into consideration in arriving at its advice and recommendations are set out in the “Letter from the Independent Financial Adviser” in this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, “Letter from the Joint Financial Advisers” and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures of the Offers.

RECOMMENDATIONS

Having considered the terms of the Offers, the information contained in the Composite Document and having taken into account the advice and recommendations 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 Offers are fair and reasonable so far as the Offer Shareholders and the Offer Optionholders are concerned. Accordingly, we recommend the Offer Shareholders and Offer Optionholders to accept the Offers.

The Offer Shareholders and the Offer Optionholders are reminded to carefully and closely monitor the market price and the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares (in case of the Offer Optionholders, upon exercise of their Share Options) in the market at prices higher than the Share Offer Price.

Notwithstanding our recommendations, the Offer Shareholders and the Offer Optionholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders and the Offer Optionholders should consult their own professional advisers for professional advice.

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

**Mr. Yuen Tak Tim
Anthony**

*Independent non-
executive Director*

**Mr. Lam Cheung
Wai**

*Independent non-
executive Director*

Mr. Wong Kam Pui

*Independent non-
executive Director*

Mr. Wong Kit Loong

*Independent non-
executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers, and is prepared for inclusion in this Composite Document.



7 October 2022

To: The Independent Board Committee, the Offer Shareholders and the Offer Optionholders

Dear Sirs and Madams,

**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)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Offers, details of which are set out in the Composite Document dated 7 October 2022 jointly issued by the Offeror and the Company, 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 otherwise requires.

References are made to (i) the Joint Announcement; and (ii) the joint announcement dated 30 September 2022 jointly issued by the Company and the Offeror in respect of, among others, the Completion and the Offers (the “**Completion Announcement**”). The Offeror and the Vendors entered into the SP Agreement on 29 August 2022, 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 represented approximately 56.2% of the total number of issued Shares as at the date of the Joint Announcement. The Completion took place on 30 September 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately prior to the 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 the Completion and as at the Latest Practicable Date, the Offeror held 506,974,000 Shares, representing 56.2% of the total number of issued Shares.

The Offeror is therefore required to 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 Offer 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 INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors only, namely Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong, who have no direct or indirect interest in the Offers, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise 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.

We, Akron Corporate Finance Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offers pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offers, we do not and did not have any relationship (business, financial or otherwise) amounted to a significant connection (as referred to in Rule 2.6 of the Takeovers Code) with the Company or the Offeror within the past two years for us of a kind necessary likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the management of the Company (the “**Management**”). We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of any material changes to such statements, information, facts, representations and/or opinions (including those as contained in this letter) as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Directors have declared in a responsibility statement set out in Appendix III to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror and the parties acting in concert with it). We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinions, we have not considered the tax implication on the Offer Shareholders and the Offer Optionholders arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Offer Shareholders or the Offer Optionholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as at the Latest Practicable Date. The Offer Shareholders and the Offer Optionholders will be informed should there be any material changes to the information contained or referred to herein and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Offers. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Offers, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the Independent Board Committee, the Offer Shareholders and the Offer Optionholders solely in respect of the Offers and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in respect of the Offers, we have taken into consideration the following 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 residential care homes and senior care services. The Company runs its business via two segments: (i) rendering of senior care services; and (ii) sale of senior care related goods. In terms of the Group's rendering of senior care services, it has a network of 10 RCHEs and one serviced apartment in Hong Kong, which in total, provides 1,273 residential care places. The details of each of the residential care homes for the elderly (the "RCHEs", each a "RCHE") operated by the Group can be classified into two major categories, namely (i) the mass market segment, and (ii) the upscale segment. As at the Latest Practicable Date and based on the information provided by the Management, each of the RCHEs operated by the Group are tabulated below:

| RCHE | Location | Owned/rented | Total residential care places |
|-------------------------------------|---|--|-------------------------------|
| <i>Mass market segment</i> | | | |
| 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 |

| |
|--|
| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER |
|--|

| RCHE | Location | Owned/rented | Total residential care places |
|---|---|---------------------|--------------------------------------|
| 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 |
| 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 | 181 |
| 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 |
| <i>Upscale segment</i> | | | |
| 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 |
| 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 | 103 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| RCHE | Location | Owned/rented | Total residential care places |
|--|--|--------------|---|
| Serviced apartments for the elderly at Patina Wellness (<i>Note 1</i>) | 7/F to 29/F, Patina, 18 Junction Road, Kowloon City, Hong Kong | Rented | 79 |
| Pine Residence (<i>Note 2</i>) | 1 Leighton Road, Causeway Bay | Rented | Operation to be commenced (<i>Note 2</i>) |

Note 1: We understand from the management of the Group that, Patina Wellness, being the Group's first testament in the ageing-in-place and semi-independent living segment using the light-asset business model, located in the premises situated at Patina, 18 Junction Road, Kowloon City, Hong Kong, is estimated to cease operation in November 2022 due to the termination of the respective tenancy agreement. Please refer to the announcements of the Company dated 29 July 2022 and 10 August 2022 for details of the termination of the tenancy agreement.

Note 2: We understand from the management of the Group that, Pine Residence, being a new flagship upscale RCHE situated at 1 Leighton Road, Causeway Bay with a total floor area of approximately 35,400 square feet, is estimated to commence business in November 2022 and provide an additional 188 residential care places.

1.2 Financial information of the Group

The audited financial information of the Group for the years ended 31 March 2020, 2021 and 2022 (“**FY2020**”, “**FY2021**” and “**FY2022**”, respectively) are summarised below:

Financial results of the Group

| | FY2022 | FY2021 | FY2020 |
|---|-----------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 267,749 | 245,706 | 217,363 |
| Profit/(Loss) before tax | (17,668) | 10,682 | 17,122 |
| Profit/(Loss) for the year attributable to owners of the parent | (20,633) | 5,860 | 13,584 |

For the year ended 31 March 2021

The Group recorded an increase in revenue in FY2021 by approximately HK\$28.3 million, representing approximately 13.0% increment, from approximately HK\$217.4 million in FY2020 to approximately HK\$245.7 million in FY2021. As disclosed in the annual report of the Company for the year ended 31 March 2021 (the “**Annual Report 2021**”), the average occupancy of the RCHEs in mass market segment increased from 93.6% in FY2020 to 94.0% in FY2021, and the revenue

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growth was primarily attributable to the combined effect of (i) an increase in monthly average residential fee of its eight RCHEs in the mass market segment, other than the two upscale RCHEs, (ii) the ramp-up in the occupancy rate of Pine Care Place, being one of the Group's upscale RCHEs located in New Territories, from 38.2% in FY2020 to 80.9% in FY2021, and (iii) the full year operation of Pine Care Point, being the Group's newly operated upscale RCHE located in Kowloon since FY2020.

The Group recorded (i) a decrease in the profit before tax by approximately HK\$6.4 million, representing approximately 37.4%, from approximately HK\$17.1 million in FY2020 to approximately HK\$10.7 million in FY2021, and (ii) a decrease in profit for the year attributable to owners of the parent of the Company by approximately HK\$7.7 million, representing approximately 56.6%, from approximately HK\$13.6 million in FY2020 to approximately HK\$5.9 million in FY2021. We were made aware from the Annual Report 2021 that the downturn of the results was primarily attributable to the combined effect of (i) the revenue growth attained by the Group in FY2021 was offset by the incremental depreciation and finance costs upon commencement of the operation of Pine Care Point, one of its upscale RCHEs located in Kowloon, and (ii) the share of loss of the joint venture of the Group, namely Patina Wellness located in Kowloon City, which the Group attributed the performance to the effect of the COVID-19 situation at its early stage of operation.

For the year ended 31 March 2022

The Group has recorded an increase in revenue by approximately HK\$22.0 million, representing approximately 9.0% increment, from approximately HK\$245.7 million in FY2021 to approximately HK\$267.7 million in FY2022. With reference to the annual report of the Company for the year ended 31 March 2022 (the “**Annual Report 2022**”), we note that despite a slight drop in the overall average occupancy rate of the RCHEs in mass market segment, from approximately 94.0% in FY2021 to approximately 92.7% in FY2022, the increase in revenue was primarily due to the increment in the occupancy rates of both of its two RCHEs (namely Pine Care Place and Pine Care Point that the Company positioned as upscale than the remaining RCHEs) recording double digit increment on their occupancy rates and they contributing approximately HK\$16.2 million additional revenue.

In FY2022, the Group turned from profit to loss. It registered (i) loss before tax of approximately HK\$17.7 million in FY2022 as compared to the profit before tax of approximately HK\$10.7 million in FY2021, and (ii) loss for the year attributable to owners of the parent of the Company of approximately HK\$20.6 million in FY2022 as compared to the profit for the year attributable to owners of the parent of approximately HK\$5.7 million in FY2021. We understand from the Annual Report 2022 that the loss was primarily attributable to the combined effect of (i) the absence of non-recurring subsidies under the Employment Support Scheme of the Hong Kong SAR Government of approximately HK\$16.3 million, (ii) the impairment of amount due from a joint venture and other provisions of approximately HK\$11.8 million,

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(iii) the impairment of assets in relation to the PRC operation of RCHE in Wuzhen, Zhejiang of approximately HK\$5.8 million, and (iv) the non-cash share option expenses in relation to share options granted by the Company of approximately HK\$3.3 million.

Financial positions of the Group

A summary of (i) the audited consolidated statement of financial position of the Company as at 31 March 2020, 2021 and 2022, as extracted from the Annual Report 2022 and Annual Report 2021 is tabulated below:

| | As at 31 March 2022 HK\$'000 | As at 31 March 2021 HK\$'000 | As at 31 March 2020 HK\$'000 |
|--|---|---|---|
| Total Assets | <u>1,088,910</u> | <u>927,034</u> | <u>943,378</u> |
| Property, plant and equipment | 931,190 | 772,663 | 819,278 |
| Intangible assets | 2,287 | 3,093 | 6,185 |
| Investment in a joint venture | — | 5,565 | 21,403 |
| Prepayments, deposits and other receivables | 17,545 | 22,800 | 9,738 |
| Goodwill | 33,833 | 33,833 | 33,833 |
| Investment in insurance contract | 3,371 | 3,261 | 3,143 |
| Financial assets at fair value through profit or loss | 24,937 | — | — |
| Deferred tax assets | 4,621 | 6,222 | 6,200 |
| Due from a joint venture | 4,376 | 21,976 | 8,921 |
| Trade receivables | 7,762 | 6,708 | 5,521 |
| Tax recoverable | 1,051 | 1,226 | 1,389 |
| Cash and cash equivalents | 29,083 | 49,687 | 27,767 |
| Assets held for sales | <u>28,854</u> | <u>—</u> | <u>—</u> |
| Total liabilities | <u>905,425</u> | <u>722,847</u> | <u>736,727</u> |
| Interest-bearing bank borrowings | 583,607 | 602,935 | 599,251 |
| Lease liabilities | 233,005 | 76,080 | 91,694 |
| Trade payables | 1,272 | 2,426 | 2,029 |
| Other payables and accruals | 35,048 | 21,036 | 24,021 |
| Deferred tax liabilities | 12,420 | 13,240 | 14,211 |
| Tax payable | 7,024 | 7,130 | 5,521 |
| Liabilities directly associated with assets held for sale | <u>33,049</u> | <u>—</u> | <u>—</u> |
| Net assets | <u><u>183,485</u></u> | <u><u>204,187</u></u> | <u><u>206,651</u></u> |

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As at 31 March 2021

Total assets of the Group remained at similar level at approximately HK\$927.0 million as at 31 March 2021 compared to approximately HK\$943.4 million as at 31 March 2020.

Total liabilities of the Group remained at similar level at approximately HK\$722.8 million as at 31 March 2021 compared to approximately HK\$736.7 million as at 31 March 2020.

Thus, the net assets of the group remained at similar level at approximately HK\$204.2 million as at 31 March 2021 compared to approximately HK\$206.7 million as at 31 March 2020. Based on the consolidated statement of changes in equity enclosed in the Annual Report 2021, we note that the slight decrease in net assets, or the equity, attributable to owners of the parent was primarily attributable to the amount of final dividend being paid was higher than the amount of the profit for the year attributable to the owners of the parents.

As at 31 March 2022

Total assets of the Group increased by approximately HK\$161.9 million, representing approximately 17.5%, from approximately HK\$927.0 million as at 31 March 2021 to approximately HK\$1,088.9 million as at 31 March 2022. We note from the Annual Report 2022 that the increase in total assets was primarily due to the recognition of right-of-use assets for the leases entered in FY2022.

Total liabilities of the Group increased by approximately HK\$182.6 million, representing approximately 25.3%, from approximately HK\$722.8 million as at 31 March 2021 to approximately HK\$905.4 million as at 31 March 2022. Based on the movement of the lease liabilities as disclosed in the notes to the financial statements contained in the Annual Report 2022, we note that the majority of the increase of the carrying amount of lease liabilities was attributable to the new leases entered in FY2022.

Net assets of the Group decreased by approximately HK\$20.7 million, representing approximately 10.1%, from approximately HK\$204.2 million as at 31 March 2021 to approximately HK\$183.5 million as at 31 March 2022. Based on the consolidated statement of changes in equity enclosed in the Annual Report 2022, the decrease in net assets, or the equity, attributable to owners of the parent of the Company primarily owed to the loss for the year recorded in FY2022.

1.3 Future plan and prospects

We note from the Annual Report 2022 that the average occupancy rate of the eight RCHEs of the mass market segment remained at 92.7% in FY2022 compared to 94.0% in FY2021. In addition to the mass market segment, the occupancy rates of two of the upscale RCHEs, namely Pine Care Place and Pine Care Point, also recorded a double-digit increment of 17.6% and 19.2% respectively in FY2022.

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By rolling out of the expansion plan focusing on the upscale segment, the Company continued to record revenue growth amid the unprecedented challenges presented by the COVID-19 situation. The Group recorded a historical high annual revenue of approximately HK\$267.7 million in FY2022, representing an increase of approximately 9.1%.

Excluding the effect of non-recurring adjustments and the adoption of HKFRS 16 Leases, the Group's ratio of the Core EBITDA to Revenue (defined in the Annual Report 2022 as the percentage of earnings before interest, tax, depreciation and amortisation before share of depreciation and interest of a joint venture, other income and gains and non-recurring government grant for Employment Support Scheme, excluding the effect of adoption of HKFRS 16 on property rental and related expenses to the annual revenue) remained similar at approximately 20.1% in FY2022 compared to approximately 21.9% in FY2021.

For the industry prospect, the overall demand for long term care services is driven by the ageing population problem in Hong Kong, which could be revealed by (i) the growing number of population of the elderly (who aged 65 or over), and (ii) the increasing elderly dependency ratio (as defined by the Census and Statistics Department as the number of persons aged 65 and over per 1,000 persons aged between 15 and 64). According to the latest statistics released by the Census and Statistics Department, the population of the elderly increased from approximately 1,417,000 persons in 2020 to approximately 1,495,000 persons in 2021, representing a year-on-year growth of approximately 5.5%; while the elderly dependency ratio increased from approximately 273 in 2020 to approximately 292 in 2021, representing a year-on-year growth of approximately 7.0%. In mid-2022, the population of the elderly and the elderly dependency ratio amounted to approximately 1,520,000 and 304, respectively. Furthermore, with reference to the "Hong Kong Population Projections 2020–2069" dated 9 September 2020 published by the Census and Statistics Department, the elderly dependency ratio is projected to increase from 265 in the mid-2019 (as base year) to 348 in the mid-2024, and further to 408 in mid-2029.

According to the statistics published by the Social Welfare Department (source: [https://www.swd.gov.hk/storage/asset/section/632/en/June%202022/3.Provision_of_RCHes_\(Subsidised_versus_Non-subsidised_Places\)\(30.6.22\).pdf](https://www.swd.gov.hk/storage/asset/section/632/en/June%202022/3.Provision_of_RCHes_(Subsidised_versus_Non-subsidised_Places)(30.6.22).pdf)), we understand that there was 75,417 places provided (including subsidised and non-subsidised) for residential care services for the elderly in Hong Kong as at 30 June 2022. However, there were still a total of 22,439 applicants as at 31 July 2022 who were on the wait list for various types of subsidised residential care services for the elderly in the central wait list for subsidised long term care services, with the overall waiting time of 21 months for care and attention places, and 23 months for nursing home places (source: [https://www.swd.gov.hk/storage/asset/section/632/en/LTC_statistics_HP-Eng\(202207\).pdf](https://www.swd.gov.hk/storage/asset/section/632/en/LTC_statistics_HP-Eng(202207).pdf)). As such, the demand for elderly care service is expected to remain strong in both short-term and the long-term.

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We further note from the Annual Report 2022 that the staff costs, multidisciplinary fees and related expenses remained as the largest component of the Group's operating expenses. The gross staff costs increased by approximately 11.6% from approximately HK\$116.5 million in FY2021 to approximately HK\$130.0 million in FY2022. The multidisciplinary fees and related expenses increased significantly by approximately 50.2% from approximately HK\$10.2 million in FY2021 to approximately HK\$15.3 million in FY2022, primarily due to the enhancement of the nursing and rehabilitation team with more specialists and professional workforce engaged through employment agencies.

According to the blog post of the Secretary of Labour and Welfare Bureau dated 3 April 2022 (source: https://www.lwb.gov.hk/tc/blog/post_03042022.html), the problem of labour shortage persists as the vacancy rate of residential care home workers remained high at approximately 17.6% in early 2021 compared to that of approximately 18.0% in late 2017. According to the August to October 2021 issue of "The Anchor" published by the Elderly Services Association of Hong Kong (the "ESAHK") (source: https://issuu.com/hktesa/docs/_8_compressed_1_), the number of vacancy and the vacancy rate were worsen to over 6,000 vacancies and approximately 25%, respectively, for residential care home workers. As such, the profitability of the Group is expected to be heavily dependent on (i) whether the Group could effectively control the surging staff cost, and (ii) whether the Group could successfully recruit and retain competent and experienced elderly care workers amidst the persistent labour shortage in the industry.

Having considered that (i) the demand for elderly care services is expected to remain strong, but (ii) the profitability of the Group is heavily dependent on its ability to recruit and retain competent and experienced staff while controlling its surging staff cost, we consider that the prospect and the outlook of the Group will remain challenging going forward.

2. Information of the Offeror

2.1 Background information of the Offeror

The Offeror is an investment holding company, incorporated in the BVI with limited liability on 18 May 2022, 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 approximately 99.8% by the estate of Ms. Nina Kung and approximately 0.2% 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.

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According to the latest news published by Chinachem Group (source: [https://www.chinachemgroup.com/news/latest-news/2022/chinachem-acquires-approximately-56-percent-interest-in-pine-care-for-approximately-hk\\$451million](https://www.chinachemgroup.com/news/latest-news/2022/chinachem-acquires-approximately-56-percent-interest-in-pine-care-for-approximately-hk$451million)), Chinachem Group expects that its investment in the Company will mark the first step to develop its healthcare and elderly care business. Having considered that (i) Chinachem Group and the Offeror do not have immediate experience in operating similar business of the Group, and (ii) we are not aware whether any long term business development strategies for the Group have been formulated by the Offeror at the moment, we consider that the on-going business operation and strategies of the Group are subject to the decision of the Nominated Directors and the future business prospect of the Group under the management of the Nominated Directors is uncertain.

2.2 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 has no intention to make significant changes to the continued employment of the employees of the Group (save for the change of Board composition as set out in the paragraph headed "11. Changes to composition of the Board" in the "Letter from the Joint Financial Advisers") as a result of the Offers or to dispose of or redeploy the fixed assets of the Group other than in the ordinary course of business.

2.3 Proposed change of Board composition

The Board is currently made up of four executive Directors, one non-executive Director and four independent non-executive Directors. It is proposed that three out of the four executive Directors, namely Mr. Tang Yiu Sing, Mr. Yeung Ka Wing and Mr. Cheng Wai Ching, and one non-executive Director, namely Dr. Tang Yiu Pong, will resign as Directors with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the closing of the Offers on the Closing Date).

Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong will each remain as an independent non-executive Director, who has been an independent non-executive Director since 23 March 2020, 19 October 2020, 19 October 2020 and 19 October 2020 respectively.

The Offeror had nominated Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man as non-executive Directors. The appointments of the new non-executive Directors will take effect after the posting of the Composite Document. The biographies of the Nominated Directors to be nominated are set out in the section headed "Changes to the Composition of the Board" in the "Letter from the Joint Financial Advisers" to the Composite Document.

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Although the Nominated Directors have extensive working experience in Chinachem Group, there is no direct similarity or overlapping of business between Chinachem Group and that of the Group. Based on the biographical details of the Nominated Directors, it appears that they do not have immediate experience in similar business of the Group. Further, we are not aware whether any long term business development strategies for the Group have been formulated by the Offeror at the moment. Based on the foregoing, we consider that the ongoing business operation and strategies of the Group are subject to the decision of the Nominated Directors and the future business prospect of the Group under the management of the Nominated Directors is uncertain.

Up to the Latest Practicable Date, save for the Nominated Directors, the Offeror is still in the progress of identifying additional suitable candidates for the Board and has not reached any final decision. Further announcement(s) will be made upon any changes to the composition of the Board as and when appropriate.

2.4 Public Float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at 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 will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of Offeror and the Nominated Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

3. Principal terms of the Offers

The Share Offer

Rainbow Capital is, for and on behalf of the Offeror, making the Share Offer in compliance with the Takeovers Code 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 Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date of the

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Announcement. In the event that the Company pays or makes any dividends on or after the date of the Joint Announcement and up to closing of the Offers, the Offeror will reduce the Share Offer Price by the amount of such dividends, if any. In the event that the Company pays or makes any dividends prior to closing of the Offers, further announcement as regards adjustment to the Share Offer Price will be made.

The Company confirms that as at the Latest Practicable Date, (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.

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

The Option Offer

Rainbow Capital is, on behalf of the Offeror, is making the Option Offer to all the Offer Optionholders for the cancellation of all Offer Options held by them on the following terms:

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

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Options and the Share Offer Price. Under the Option Offer, since the exercise prices of the Offer Options, being HK\$1.10 is above the Share Offer Price of HK\$0.89, the Offer Options are out-of-money and the Option Offer Prices for the cancellation of each such Offer Option is set at the nominal cash amount of HK\$0.0001.

4. Historical price and trading volume of the Shares

4.1 Share Offer Price comparison

The Share Offer Price of HK\$0.89 per Offer Share is equal to the price per Sale Share paid by the Offeror under the SP Agreement and 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;

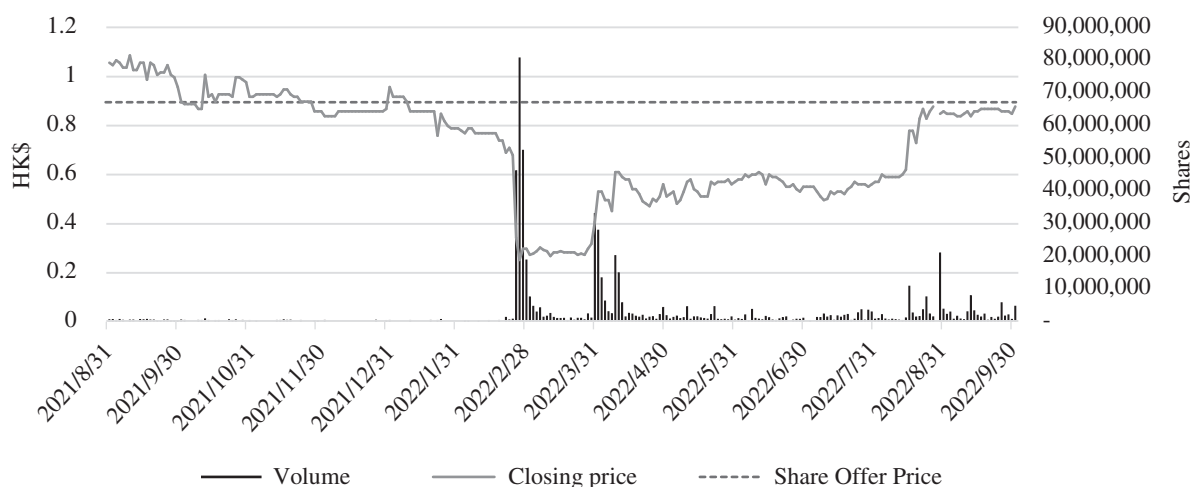
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- (iv) a premium of 40.4% over the average closing price of HK\$0.634 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of 48.8% over the average closing 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;
- (vii) a premium of 1.1% over the closing price of HK\$0.880 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) 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 Latest Practicable Date.

4.2 Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 31 August 2021 (being the 12-month period prior to the date of the Joint Announcement) up to the Latest Practicable Date (the “**Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and the level of movement of the closing prices of the Shares.

Historical Closing Price of the Shares



Source: The Stock Exchange’s website (www.hkex.com.hk)

Note: During the Review Period, trading of the Shares was halted on 30 August 2022 pending the release of the Joint Announcement.

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As shown in the chart above, the closing prices of the Shares during the Review Period were traded in the range of HK\$0.249 per Share to HK\$1.640 per Share with an average closing price of approximately HK\$0.704 per Share. The Share Offer Price of HK\$0.89 per Share represents a premium of approximately 257.4% over the lowest closing price of the Shares, a discount of approximately 45.7% to the highest closing price of the Shares and a premium of approximately 26.4% over the average closing price of the Shares during the Review Period. Furthermore, the Share Offer Price is above the closing prices of the Shares for 202 trading days out of 266 trading days (representing approximately 75.9% of the total number of trading days) during the Review Period.

For the period from 31 August 2022 to the Latest Practicable Date, i.e. after publication of the Joint Announcement, the closing prices of the Shares attained a peak at HK\$0.880 per Share on 3 October 2022 during the Review Period. We have discussed with the Management regarding the possible reasons for the increase in the Share price after publication of the Joint Announcement. We were given to understand that, save for the Offers, the Management was not aware of any matters which might have impact on the Share price.

It is noted that (i) the closing prices of the Share price were trading below the Share Offer Price for approximately 75.9% of the time during the Review Period; and (ii) after the release of the Joint Announcement, the Shares have been trading below the Share Offer Price up to the Latest Practicable Date. In this connection, we consider that in the absence of any significant positive events and the Offers, there is no assurance that the trading price of the Shares will sustain at a level higher than the Share Offer Price during and after the Offer Period.

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4.3 Average daily trading volume of the Shares for each month during the Review Period

Historical trading liquidity of the Shares

The number of the trading days, the total monthly trading volume, the average daily number of the Shares traded per month (the “Average Volume”), and the respective percentages of the Average Volume as compared to the total number of issued Shares and the total number of issued Shares held by public Shareholders during the Review Period (at the end of each month or up to and including the Latest Practicable Date for October 2022) are tabulated as below:

| Month | Number of trading days in each month | Total monthly trading volume <i>in Shares</i> | Average Volume <i>in Shares</i> | Percentage of the Average Volume to the total number of issued Shares as at the end of each respective month <i>(Notes 1 & 2)</i> <i>Approximate %</i> | Percentage of the Average Volume to the total number of issued Shares held by public Shareholders <i>(Note 3)</i> <i>Approximate %</i> |
|---|--------------------------------------|--|------------------------------------|--|--|
| 2021 | | | | | |
| August (starting from 31 August 2021) | 1 | 236,000 | 236,000 | — <i>(Note 4)</i> | 0.1 |
| September | 21 | 2,815,990 | 134,095 | — <i>(Note 4)</i> | 0.1 |
| October | 18 | 1,256,000 | 69,778 | — <i>(Note 4)</i> | — <i>(Note 4)</i> |
| November | 22 | 580,000 | 26,364 | — <i>(Note 4)</i> | — <i>(Note 4)</i> |
| December | 19 | 150,000 | 7,895 | — <i>(Note 4)</i> | — <i>(Note 4)</i> |
| 2022 | | | | | |
| January | 21 | 482,000 | 22,952 | — <i>(Note 4)</i> | — <i>(Note 4)</i> |
| February | 17 | 1,670,200 | 98,247 | — <i>(Note 4)</i> | — <i>(Note 4)</i> |
| March | 23 | 229,550,000 | 9,980,435 | 1.1 | 4.2 |
| April | 18 | 137,256,000 | 7,625,333 | 0.8 | 3.2 |
| May | 20 | 27,772,000 | 1,388,600 | 0.2 | 0.6 |
| June | 21 | 14,480,000 | 689,524 | 0.1 | 0.3 |
| July | 20 | 20,262,000 | 1,013,100 | 0.1 | 0.4 |
| August <i>(Note 5)</i> | 23 | 61,056,000 | 2,654,609 | 0.3 | 1.1 |
| September | 21 | 40,105,800 | 1,909,800 | — <i>(Note 4)</i> | 0.2 |
| October (up to and including the Latest Practicable Date) | 1 | 4,410,000 | 4,410,000 | 0.5 | 1.9 |

Source: the Stock Exchange's website (www.hkex.com.hk)

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Notes:

1. The calculation is based on the Average Volume divided by the total number of issued Shares at the end of each month during the Review Period (or as at the Latest Practicable Date for October 2022).
2. The total number of issued Shares is based on the issued Shares as disclosed in the monthly return of movements in securities of the Company of each respective month.
3. The calculation is based on the Average Volume divided by 235,106,000 Shares held by public Shareholders as at the Latest Practicable Date.
4. Less than 0.1.
5. Trading in the Shares was halted on 30 August 2022.

As set out in the table above, the Average Volume ranged from approximately 7,895 Shares to approximately 9,980,435 Shares, representing (i) less than 0.1% to approximately 1.1% of the total number of issued Shares; and (ii) less than 0.1% to approximately 4.2% of issued Shares held by public Shareholders at the end of each respective month/period. It is noted that the average daily trading volume of the Shares was thin during the Review Period.

Given the thin trading volume of the Shares during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of the Shares in the open market without depressing the price of the Shares. Having taken into account that there is no assurance that the Share price will sustain at a level above or close to the Share Offer Price after the Closing Date, we are of the view that the Offer Shareholders (particularly for those who hold a large volume of the Shares) may not be able to realise their investments in the Shares at a price higher than or close to the Share Offer Price, in particular when they are going to dispose of their entire shareholdings. Therefore, we consider that the Share Offer provides an exit alternative for the Offer Shareholders who would like to realise their investments in the Shares at the Share Offer Price.

5. Analysis of the terms of the Offers

5.1 Comparable analysis on the terms of the Share Offer

In assessing the fairness and reasonableness of the Share Offer Price, we attempt to carry out a comparable analysis using the equity value multiples, namely, price-to-earnings ratio (“**PER**”), price-to-book ratio (“**PBR**”) and price-to-sale ratio (“**PSR**”), which are the most commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. Given the loss-making position of the Group in FY2022, PER analysis is not applicable. As revenue is a top-level parameter of a company’s financial performance, the PSR analysis can fairly reflect the value of a company in terms of revenue generating ability. Further, as the properties, plant and equipment of the Group (of which

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approximately 75.3% and 24.7% were attributable to the right-of-use assets and the owned assets respectively) which are deployed for the elderly home care operations accounted for approximately 70.9% of the total assets of the Group, the PBR analysis can fairly reflect the value of a company taking into account its revenue generating assets. Hence, we consider the PBR analysis and the PSR analysis are the appropriate valuation benchmarks in assessing the fairness and reasonableness of the Share Offer Price.

We have attempted to identify the companies which are (i) listed on the Stock Exchange; and (ii) principally engaged in the provision of elderly home care services in Hong Kong, with over 70% of the revenue generated from the provision of such services. Based on the aforesaid selection criteria, we have identified an exhaustive list of two comparable companies (the “**Comparable Companies**”). Although the Comparable Companies exhibit differences in market capitalisation, size of financial assets, investment portfolio, financial performance and positions and capital structure as compared with the Company, the Company and the Comparable Companies are likely subject to the same macro-economic factors such as economic outlook and the market demand for the elderly care services. Accordingly, we are of the view that the list of the Comparable Companies forms a fair and representative sample and serves as a reference to the fairness and reasonableness of the Share Offer Price.

| Company name (Stock code) | Market capitalisation as at the Latest Practicable Date (note 1) HK\$ million | Equity attributable to owners of the parent (note 2) HK\$ million | Revenue (note 3) HK\$ million | PBR (note 4) Times | PSR (note 5) Times |
|---|--|--|--|---|---|
| Kato (Hong Kong) Holdings Limited (2189.HK) | 610.0 | 291.5 | 320.3 | 2.1 | 1.9 |
| Hang Chi Holdings Limited (8405.HK) | 320.0 | 185.9 | 203.8 | 1.7 | 1.6 |
| | | | Average | 1.9 | 1.8 |
| | | | Maximum | 2.1 | 1.9 |
| | | | Minimum | 1.7 | 1.6 |
| | | | | | |
| The Company (1989.HK) | Implied market capitalisation (note 6) HK\$ million | Equity attributable to owners of the parent (note 2) HK\$ million | Revenue (note 3) HK\$ million | Implied PBR (note 7) Times | Implied PSR (note 8) Times |
| | 803.6 | 182.9 | 267.7 | 4.4 | 3.0 |

Source: Stock Exchange and the respective companies' latest published financial reports announcement

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Notes:

1. The market capitalisations are calculated as the closing price of the shares of the respective Comparable Companies multiplied by the corresponding number of issued shares as at the Latest Practicable Date.
2. The equity attributable to owners of the parent of the Comparable Companies/the Company are extracted from their respective latest published financial reports.
3. The revenue of the Comparable Companies/the Company are extracted from their respective latest published annual reports.
4. The PBRs are obtained by dividing the market capitalisations of the Comparable Companies as at the Latest Practicable Date by their respective equity attributable to owners of the parent of the Comparable Companies as extracted from their latest published financial reports.
5. The PSRs are obtained by dividing the market capitalisations of the Comparable Companies as at the Latest Practicable Date by their respective total revenue as extracted from their latest published annual reports.
6. The implied market capitalisation of the Company is calculated as the Share Offer Price multiplied by the corresponding number of issued Shares of the Company as at the Latest Practicable Date.
7. The implied PBR of the Share Offer was obtained by dividing the implied market capitalisation (calculated in point (6) above) by the equity attributable to owners of the parent of the Company as extracted from the Annual Report 2022.
8. The implied PSR of the Share Offer was obtained by dividing the implied market capitalisation (calculated in point (6) above) by the total revenue of the Company as extracted from the Annual Report 2022.

As shown above, the Comparable Companies were trading at (i) the PBR of approximately 1.7 times and approximately 2.1 times with an average of approximately 1.9 times; and (ii) the PSR of approximately 1.6 times and approximately 1.9 times with an average of approximately 1.8 times. The implied PBR and the implied PSR of the Company of approximately 4.4 times and 3.0 times, respectively, are considerably higher than the PBRs and PSRs, and their respective averages, of the two Comparable Companies. As such, we consider that the Share Offer Price based on the PBR analysis and PSR analysis is fair and reasonable to the Offer Shareholders.

In addition to the PBR analysis and PSR analysis, we have, based on our search on the website of the Stock Exchange, identified an exhaustive list of companies (the “**Offer Comparables**”) listed on the Main Board of the Stock Exchange which have undergone mandatory general offer exercise by an offeror (which were or had become unconditional on or before the closing date) for a period of 12 months prior to and up to the date of the Joint Announcement. We consider that the period under review, being approximately 12 months, is adequate to provide a fair and representative sample for analysis of recent mandatory general offer transactions.

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Although the Offer Comparables have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, we consider that the premiums/discounts as represented by the offer price over/to the closing share prices for various periods and the net assets value per share are pertinent factors for the offeror to determine the share offer price. As such, the Offer Comparables can provide a relevant reference to the pricing trend of recent mandatory general offer transactions under the current market and economic circumstances, so as to determine whether the Share Offer Price is in line with those of the recent mandatory general offer transactions.

| Date of composite document | Company name (stock code) | Offer price (HK\$) | Premium/ (discount) over/(to) the closing price for the last trading day | Premium/ (discount) over/(to) the average closing price for the 5 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the average closing price for the 10 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the average closing price for the 30 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the net asset value per share attributable to shareholders |
|----------------------------|---|--------------------|--|--|---|---|--|
| | | | | | | | |
| 6 September 2021 | Century Sage Scientific Holdings Limited (1450.HK) | 0.23 | (71.3%) | (64.2%) | (54.0%) | (31.3%) | 147.1% |
| 17 September 2021 | WINDMILL Group Limited (1850.HK) | 0.3334 | (75.1%) | (83.5%) | (85.9%) | (87.7%) | 132.3% |
| 8 November 2021 | Alpha Professional Holdings Limited (948.HK) | 1.2 | 1.7% | 7.1% | 10.1% | 15.4% | 150.0% |
| 5 November 2021 | Hifood Group Holdings Co., Limited (442.HK) | 1.546 | (22.7%) | (10.1%) | (5.0%) | 18.5% | 29.9% |
| 3 December 2021 | Kantone Holdings Limited (1059.HK) | 0.461 | 12.4% | 22.0% | 31.0% | 18.2% | 51.6% |
| 15 December 2021 | Ban Loong Holdings Limited (30.HK) | 0.285 | 3.6% | 15.4% | 3.3% | (5.3%) | 115.9% |
| 6 January 2022 | Palace Banquet Holdings Limited (1703.HK) | 0.23 | (74.2%) | (74.2%) | (73.9%) | (73.9%) | 724.4% |
| 14 January 2022 | CMMB Vision Holdings Limited (471.HK) | 0.4 | 5.3% | 3.9% | 0.8% | (3.2%) | (73.0%) |
| 27 January 2022 | i-CABLE Communications Limited (1097.HK) | 0.0264 | (61.2%) | (61.6%) | (61.8%) | (62.6%) | (43.8%) |
| 4 February 2022 | HNA Technology Investments Holdings Limited (2086.HK) | 0.84 | (25.7%) | (24.3%) | (20.0%) | (17.7%) | 189.7% |
| 9 February 2022 | Ausnutria Dairy Corporation Ltd (1717.HK) | 10.06 | 13.7% | 17.1% | 24.2% | 33.4% | 172.0% |
| 17 February 2022 | Vixtel Technologies Holdings Limited (1782.HK) | 0.6811 | 43.4% | 63.3% | 68.0% | 66.0% | 62.1% |
| 3 March 2022 | China Infrastructure & Logistics Group Ltd. (1719.HK) | 1.15 | 6.5% | 8.5% | 16.2% | 30.7% | 150.0% |

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| Date of composite document | Company name (stock code) | Offer price (HK\$) | Premium/ (discount) over/(to) the average closing price for the 5 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the average closing price for the 10 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the average closing price for the 30 consecutive trading days immediately prior to and including the last trading day | Premium/ (discount) over/(to) the net asset value per share attributable to shareholders | |
|----------------------------|--|--------------------|--|---|---|--|---------------|
| | | | | | | | |
| 11 March 2022 | Times Universal Group Holdings Limited (2310.HK) | 0.072 | — | — | (2.7%) | (8.9%) | 148.3% |
| 29 March 2022 | TIME Interconnect Technology Limited (1729.HK) | 0.8 | (1.2%) | (7.8%) | (4.4%) | 1.8% | 59.1% |
| 29 April 2022 | Jiu Zun Digital Interactive Entertainment Group Holdings Limited (1961.HK) | 0.55 | (27.6%) | (24.7%) | (27.6%) | (23.6%) | 27.9% |
| 27 May 2022 | Beijing Enterprises Urban Resources Group Limited (3718.HK) | 0.78 | — | 7.1% | 8.3% | 20.0% | (19.7%) |
| 22 June 2022 | Yield Go Holdings Ltd. (1796.HK) | 0.7212 | (57.8%) | (55.8%) | (53.5%) | (51.2%) | 157.6% |
| 12 August 2022 | Deyun Holding Ltd. (1440.HK) | 0.79 | 5.3% | 3.7% | 4.0% | 6.0% | 154.8% |
| | | Maximum | 43.4% | 63.3% | 68.0% | 66.0% | 724.4% |
| | | Minimum | (74.2%) | (74.2%) | (73.9%) | (73.9%) | (73.0%) |
| | | Average | (10.5%) | (6.5%) | (4.9%) | (2.1%) | 121.0% |
| | | Median | — | 3.7% | 0.8% | 1.8% | 115.9% |
| | The Company | 0.89 | 1.1% | 4.2% | 14.4% | 40.4% | 339.3% |

As illustrated in the table above, the premium as represented by the Share Offer Price to the closing price of the Shares on the Last Trading Day, the average closing prices of the Shares for the periods of 5, 10 and 30 consecutive trading days up to and including the Last Trading Day, and the audited consolidated equity attributable to the Shareholders per Share as at 31 March 2022, amounted to approximately 1.1%, 4.2%, 14.4%, 40.4% and 339.3%, respectively, which are all within the ranges of those of the Offer Comparables and higher than the average and median of those of the Offer Comparables, respectively.

5.2 Option Offer

As at the Latest Practicable Date, there were 18,700,000 outstanding Options which, if exercise, will confer rights on the Offer Optionholders to subscribe for up to an aggregate of 18,700,000 Shares at an exercise price of HK\$1.10 per Share.

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Pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code, the offer in relation to share options will normally be considered appropriate if it is based on the offer price for the relevant equity share capital, and such “see-through” price, being the difference between the offer price for each ordinary share and the exercise price of each option, should be regarded as minimum offer price.

The outstanding Options having an exercise price of HK\$1.10 per Share, which is higher than the Share Offer Price and therefore out-of-money in nature. Thus, the “see-through” value would be considered as no value.

Having considered that (i) “see-through” price should be considered as minimum offer price for the Outstanding Share Options, (ii) the Outstanding Share Options are out-of-money and the “see-through” value would be considered as no value, and (iii) the Option Offer Price for the cancellation of each such Offer Option is set at a nominal cash amount of HK\$0.0001, we are of the view that the Option Offer at the Option Offer Price is fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- (i) the prospects and future development of the Group remain challenging as mentioned in the section headed “Financial information of the Group” and the section headed “Future plan and prospects” of this letter;
- (ii) the Offer Price of HK\$0.89 is higher than the average closing prices of the Shares and is above the closing prices of the Shares for most of the trading days during the Review Period;
- (iii) the disposal of large block of Shares held by the Offer Shareholders in the open market may trigger a price slump of the Shares amid the thin trading volume of the Shares;
- (iv) the implied PBR and the implied PSR of the Company are considerably higher than the PBRs and PSRs, and their respective averages, of the two Comparable Companies;
- (v) the premium, as represented by the Share Offer Price to the closing price of the Shares on the Last Trading Day, the average closing prices of the Shares for the periods of 5, 10 and 30 consecutive trading days up to and including the Last Trading Day, and the audited consolidated equity attributable to the Shareholders per Share as at 31 March 2022, are all within the ranges and higher than the average and median of those of the Offer Comparables; and
- (vi) the Option Offer Price of HK\$0.0001 is made at nominal value which is in accordance with the requirements of the Takeovers Code,

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we consider that the terms of the Offers are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders and the Offer Optionholders to accept the Offers.

We would also like to remind the Independent Board Committee to remind the Offer Shareholders to closely monitor the market price and the liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Share Offer, if the net proceeds received from the disposal of the Shares exceed the net amount receivable under the Share Offer.

Those Offer Shareholders who decide to retain part or all of their investments in the Company should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Company after the Closing Date. Further terms and conditions of the Offers are set out in the “Letter from the Joint Financial Advisers” and Appendix I to the Composite Document.

As different Offer Shareholders or Offer Optionholders have different investment criteria, objectives and/or circumstances, we would recommend any of the Offer Shareholders or any of the Offer Optionholders 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.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited

Ross Cheung
Managing Director

Mr. Ross Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Akron Corporate Finance Limited to carry on Type 6 (advising on corporate finance) regulated activity as defined under the SFO and has over 20 years of experience in corporate finance industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance and Transfer for Share Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of Shares for which the Share Offer is accepted. If no number is inserted in the box title “Number of Shares to be transferred” or a number of Shares inserted is greater than the number of Shares held by you or inserted is greater or smaller than the represented by the certificate for Shares tendered for acceptance of the Share Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

By signing and returning the **WHITE** Form of Acceptance and Transfer for Share Offer, you warrant to the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence 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 Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Acceptance and Transfer for Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “**Pine Care Group Limited — Share Offer**”, as soon as possible, and, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence 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 Share Offer in full or in part, you must either:

- (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence 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 Share Offer on your behalf and requesting it to deliver in

an envelope marked “**Pine Care Group Limited — Share Offer**” the duly completed and signed **WHITE** Form of Acceptance and Transfer for Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

- (b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send in an envelope marked “**Pine Care Group Limited — Share Offer**” the duly completed and signed **WHITE** Form of Acceptance and Transfer for Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (c) 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 to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the number of Share(s) shown in the share certificate is not wholly accepted by you, new share certificate representing the Number of Share(s) to be transferred shown in the **WHITE** Form of Acceptance and Transfer for Share Offer must be applied for.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence 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 Share Offer in respect of your Shares, the **WHITE** Form of Acceptance and Transfer for Share Offer should nevertheless be duly completed and signed and delivered in an envelope marked “**Pine Care Group Limited — Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they 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) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be

returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Share(s) in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE Form of Acceptance and Transfer for Share Offer** and deliver it in an envelope marked “**Pine Care Group Limited — Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the KPMG Corporate Finance, Rainbow Capital and/or Offeror 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 and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE Form of Acceptance and Transfer for Share Offer**.

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the **WHITE Form of Acceptance and Transfer for Share Offer** is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares 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 the other subparagraphs of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE Form of Acceptance and Transfer for Share Offer** is executed by a person other than the registered 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.

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Offer Shareholders at a rate of 0.13% 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, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Share Offer.

No acknowledgment of receipt of any **WHITE** Form of Acceptance and Transfer for Share Offer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

References to the Share Offer in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

In making their decision, the Shareholders must rely on their own examination of the Group and the terms of the Share Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser, the Registrar, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance for Option Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Options for which the Option Offer is accepted. If no number is inserted in the box title "Number of Options to be cancelled" or a number of Options inserted is greater or smaller than the number of Options than your registered holding of Options or those physical Options tendered for acceptance of the Option Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Company on or before the latest time for acceptance of the Option Offer.

The duly completed and signed **PINK** Form of Acceptance for Option Offer should be forwarded, together with the relevant option certificate(s) (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked "**Pine Care Group Limited — Option Offer**" to the Company at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date, or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the option certificate(s) (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Acceptance for Option Offer should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company. The Offeror shall have the absolute discretion to decide whether any Offer Option(s) in respect of which the option certificate(s) (if applicable) is/are not readily available and/or is/are lost will be accepted under the Option Offer.

No stamp duty will be deducted from the amount paid or payable to Accepting Optionholders.

No acknowledgment of receipt of any **PINK** Form of Acceptance for Option Offer and/or option certificate(s) (if applicable) will be given.

References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser, the Registrar, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

3. SETTLEMENT

Provided that the **WHITE** Form of Acceptance and Transfer for the Share Offer, together with the relevant share certificate(s) (or in case of the Option Offer, the **PINK** Form of Acceptance for the Option Offer, together with the relevant option certificate(s)) and/or transfer receipt(s) and/or any other document(s) or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar (in case of the Share Offer) or the Company (in case of Option Offer) no 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 accordance with the Takeovers Code, the amount due to an Accepting Shareholder (less seller's ad valorem stamp duty in respect of acceptances of the Share Offer) or Accepting Optionholder will be despatched, by a cheque or a banker's cashier order, to the relevant Shareholder or Optionholder by ordinary post at his/her/its own risks as soon as possible, but in any event within seven (7) Business Days following the date of the Registrar's receipt of due acceptance by the Accepting Shareholder or the Company's receipt of due acceptance by the Accepting Optionholder.

Settlement of the consideration to which any Accepting Shareholder or Accepting Optionholder is entitled under the Offers will be paid by the Offeror in full in accordance with the terms of the Offers (save with respect of the payment of seller's ad valorem stamp duty for Offer Shares tendered for acceptance) set out in this Composite Document (including this Appendix) and the relevant accompanying Form of Acceptance, 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 Accepting Shareholder or Accepting Optionholder.

No fractions of a cent will be payable and the amount of cash consideration payable to an Accepting Shareholder or Accepting Optionholder will be rounded up to the nearest cent.

Shareholders and Optionholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

4. ACCEPTANCE PERIOD AND REVISIONS

Pursuant to Rule 15.1 of the Takeovers Code, the Offers will remain open acceptance for at least 21 days following the date on which this Composite Document is posted. Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the **WHITE** Form of Acceptance and Transfer for Share Offer must be received by the Registrar and the **PINK** Form of Acceptance of Option Offer must be received by the Company in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has closed for acceptance. In the event that the Offeror decides to extend the Offers and the announcement regarding the extension of the Offers does not specify the next closing date, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Offer Shareholders and Offer Optionholders who have not accepted the Share Offer and the Option Offer, respectively.

If, in the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders and Optionholders, whether or not they have already accepted the Offers will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

5. ANNOUNCEMENT

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired or has closed for acceptance. The announcement will state the following:

- (a) the total number of Offer Shares and Offer Options and rights over Offer Shares and Options for which acceptances of the Offers have been received;
- (b) the total number of Shares and Options and rights over Shares and Options held, controlled or directed by the Offeror before the Offer Period;
- (c) the total number of Shares and Options and rights over Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror and the Offeror Concert Parties;
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which any member of the Offeror have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
- (e) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares and Options.

In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete and fulfil the Conditions set out in this Appendix I, and which have been received by the Registrar (for Share Offer) or the Company (for Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive has confirmed that it has no further comments, will be published on the website of the Stock Exchange and the website of the Company.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's **WHITE** Form of Acceptance and Transfer for Share Offer. None of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

7. RIGHT OF WITHDRAWAL

As the Offers are unconditional, acceptance of the Offers tendered by Offer Shareholders and Offer Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements of making announcement relating to the Offers set out in section 5 of this Appendix I, the Executive may require that Accepting Shareholders and Accepting Optionholders be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when any Offer Shareholder(s) and Offer Optionholder(s) withdraw their acceptance(s), the Offeror shall, at the own risk of the respective Offer Shareholder(s) and Offer Optionholder(s), as soon as possible but in any event within 10 days thereof, return by ordinary post the relevant share certificate(s), option certificate(s) (if applicable) and/or other document(s) or evidence of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholders and Offer Optionholders.

8. EFFECT OF ACCEPTANCE OF THE OFFERS

Acceptance of the Offers by Offer Shareholders and Offer Optionholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares and Options acquired under the Offers are sold or tendered by the Offer Shareholders or Offer Optionholders are fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date of this 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 this Composite Document. The Company confirmed that as at the Latest Practicable Date, (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.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Offer Options, together with all rights attaching thereto.

9. 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. Where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of those Offer Shareholders accepting the Share Offer. The Offeror will bear buyer's 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 in connection with the Option Offer.

10. 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, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers is in a position to advise the Shareholders and the Optionholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. 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). The Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the overseas Shareholders and Overseas Optionholders for any taxes they may be required to pay.

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 Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that such Overseas Shareholder or Overseas Optionholder has observed and is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and that such person has obtained all requisite governmental, exchange control or other consents in compliance with all necessary formalities and regulatory or legal requirements and has paid all issue, transfer or other taxes or duties or other required payments due from such accepting Overseas Shareholder or Overseas Optionholders in connection with such acceptance in any territory, and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders and the Overseas Optionholders should consult their professional advisers if in doubt.

12. GENERAL

- (a) All communications, notices, the Forms of Acceptance, share certificates, option certificates, transfer receipts, other documents or evidence of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders and Optionholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Offer are sold by such person or persons free from all liens, charges and Encumbrances, and together with all rights and benefits at any time accruing and attached to them, including the rights to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of this Composite Document.
- (c) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares or Offer Options in respect of which it is indicated in the Form of Acceptance is the aggregate number of Offer Shares or Offer Options held by such nominee for such beneficial owners who accept the Offers.
- (d) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.

- (e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, KPMG Corporate Finance, Rainbow Capital and/or the Registrar (or any of their respective ultimate beneficial owners, directors, officers, agents or associates) to complete, and execute any document on behalf of the Accepting Shareholder or Accepting Optionholder 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 Offer Shares or cancelling the Offer Options in respect of which such person has accepted the Offers.
- (f) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (g) The Offers and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.
- (h) Any Offer Shareholders or Offer Optionholders accepting the Offers will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) In making their decision, Offer Shareholders and Offer Optionholders must rely on their own examination of the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital or their respective professional advisers. Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (k) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the 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 2020, 2021 and 2022 as extracted from the 2020, 2021 and 2022 annual reports of the Company.

| | For the year ended 31 March | | |
|---|---|---|---|
| | 2022 <i>HK\$'000</i> (audited) | 2021 <i>HK\$'000</i> (audited) | 2020 <i>HK\$'000</i> (audited) |
| Revenue | <u>267,749</u> | <u>245,706</u> | <u>217,363</u> |
| (Loss)/Profit before tax | (17,668) | 10,682 | 17,122 |
| Income tax expense | <u>(6,321)</u> | <u>(7,468)</u> | <u>(3,546)</u> |
| (Loss)/Profit for the year | <u>(23,989)</u> | <u>3,214</u> | <u>13,576</u> |
| (Loss)/Profit for the year attributable to: | | | |
| Owners of the Company | (20,633) | 5,860 | 13,584 |
| Non-controlling interests | <u>(3,356)</u> | <u>(2,646)</u> | <u>(8)</u> |
| | <u>(23,989)</u> | <u>3,214</u> | <u>13,576</u> |
| Total comprehensive income/expense for the year attributable to: | | | |
| Owners of the Company | (20,651) | 6,096 | 14,129 |
| Non-controlling interests | <u>(3,373)</u> | <u>(2,420)</u> | <u>(475)</u> |
| | <u>(24,024)</u> | <u>3,676</u> | <u>13,654</u> |
| Dividend | — | — | 7,042 |
| Dividend per Share | <u>—</u> | <u>—</u> | <u>HK0.78 cent</u> |
| Earnings per Share | | | |
| Basic and diluted | <u>(HK2.3 cents)</u> | <u>HK0.6 cent</u> | <u>HK1.5 cents</u> |

The auditors of the Company (i) for the year ended 31 March 2020 was Ernst & Young, the former auditor of the Company; and (ii) for the year ended 31 March 2021 and the year ended 31 March 2022 was PricewaterhouseCoopers. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 March 2022 were unqualified.

Save as disclosed below, there were no income or expense which were material recorded in the audited consolidated financial statements of the Group for the years ended 31 March 2020, 2021 and 2022:

- (i) share of loss of a joint venture of approximately HK\$15.8 million for the year ended 31 March 2021;
- (ii) a non-recurring government grant under the Employment Support Scheme of approximately HK\$16.3 million for the year ended 31 March 2021;
- (iii) share of loss of a joint venture of approximately HK\$13.3 million for the year ended 31 March 2022;
- (iv) an impairment of amount due from a joint venture and other provisions of approximately HK\$11.8 million for the year ended 31 March 2022;
- (v) an impairment of assets classified as held for sale of approximately HK\$5.8 million for the year ended 31 March 2022; and
- (vi) share option expenses of approximately HK\$3.3 million for the year ended 31 March 2022.

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 the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 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 2022 Financial Statements and the relevant dividend policy are set out on pages 148 to 243 and 116 to 117 in the annual report of the Company for the year ended 31 March 2022 (the “**Annual Report 2022**”), which was published on 21 July 2022. The Annual Report 2022 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/2022/0721/2022072100389.pdf>

The audited consolidated financial statements of the Group and the relevant dividend policy for the year ended 31 March 2021 (the “**2021 Financial Statements**”) are set out on pages 146 to 231 and 117 to 118 of the annual report of the Company for the year ended 31 March 2021 (the “**Annual Report 2021**”), which was published on 20 July 2021. The Annual Report 2021 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/2021/0720/2021072000401.pdf>

The audited consolidated financial statements of the Group and the relevant dividend policy for the year ended 31 March 2020 (the “**2020 Financial Statements**”) are set out on pages 106 to 199 and 75 of the annual report of the Company for the year ended 31 March 2020 (the “**Annual Report 2020**”), which was published on 16 July 2020. The Annual Report 2020 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/2020/0716/2020071600636.pdf>

The 2020 Financial Statements, the 2021 Financial Statements and the 2022 Financial Statements (but not any other part of the Annual Report 2020, the Annual Report 2021 and the Annual Report 2022 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

- (i) outstanding bank borrowings of, in aggregate, approximately HK\$581.0 million, which was utilised;
- (ii) lease liabilities of, in aggregate, approximately HK\$220.5 million; and
- (iii) as at 31 August 2022, land and buildings and construction in progress with an aggregate carrying amount of HK\$607.6 million, and investment in insurance contract with carry amount of HK\$3.4 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 August 2022, 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 2022, 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:

- (i) as disclosed in the announcements of the Company dated 29 July 2022 and 10 August 2022, the termination of the tenancy agreement of all parts of 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) by Patina Wellness Limited, in which the Group holds 51% of its equity interest and accounted for as a joint venture of the Group, as tenant, to Everhost Limited by 31 January 2023; and
- (ii) the receipt of a government subsidy under the Employment Support Scheme since 1 April 2022 up to and including the Latest Practicable Date of approximately HK\$4.1 million.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of 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 statements in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each. The number of issued and paid-up Shares as at the Latest Practicable Date was 902,880,000 Shares.

All the Shares in issue rank pari passu in all respects with each other, including as to rights in respect of capital, dividends and voting.

The Shares are listed on the Main Board of the Stock Exchange and no Shares are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Since 31 March 2022 (being the date to which the latest audited financial statements of the Group were made up), no Shares had been issued by the Company. As at the Latest Practicable Date, save for the Share Options granted by the Company pursuant to the Share Option Scheme, under which 18,700,000 Share Options remained outstanding, the Company had no outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the Shares. Other than the Outstanding Share Options, there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

The details of the Outstanding Share Options under the Share Option Scheme are set out below:

| Date of grant | Exercise price per Share | Outstanding as at the Latest Practicable Date |
|----------------------|-------------------------------------|--|
| 2 September 2021 | HK\$1.10 | 18,700,000 |

3. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on: (a) the last Business Day of each of the calendar months during the period commencing six months preceding the date of the Joint Announcement up to the Latest Practicable Date; (b) the Last Trading Day; and (c) the Latest Practicable Date:

| | Closing price per Share <i>HK\$</i> |
|--|---|
| 28 February 2022 | 0.680 |
| 31 March 2022 | 0.315 |
| 29 April 2022 | 0.500 |
| 31 May 2022 | 0.570 |
| 30 June 2022 | 0.560 |
| 29 July 2022 | 0.560 |
| 29 August 2022 (Last Trading Day) | 0.880 |
| 31 August 2022 | 0.850 |
| 30 September 2022 | 0.850 |
| 3 October 2022 (Latest Practicable Date) | 0.880 |

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.880 per Share on the Last Trading Day and the Latest Practicable Date, and HK\$0.249 per Share on 2 March 2022, respectively.

Offer Options

The Offer Options are not listed on the Stock Exchange and there was no transactions in the Offer Options which have taken place during the Relevant Period.

4. DISCLOSURE OF INTEREST

(a) Interests and short positions of the Directors and chief executive

As at the Latest Practicable Date, the following Directors had, or were deemed to have, interests and short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which were (i) required 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) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or (iv) required to be disclosed under the Takeovers Code:

(i) Long Positions in the Shares (other than pursuant to equity derivatives)

| Name of director | Capacity/nature of interest | Number of Shares | Approximate percentage* of shareholding in the Company |
|--------------------|-----------------------------|------------------|--|
| Mr. Tang Yiu Sing | Beneficial owner | 14,040,000 | 1.56% |
| Mr. Chan Yip Keung | Beneficial owner | <u>6,888,000</u> | <u>0.76%</u> |

(ii) Long Positions in the underlying Shares (physically settled unlisted equity derivatives) — share options

| Name of director | Capacity/nature of interest | Number of underlying Shares | Approximate percentage* of shareholding in the Company |
|-----------------------------|-----------------------------|-----------------------------|--|
| Mr. Tang Yiu Sing | Beneficial owner | 900,000 | 0.10% |
| Mr. Chan Yip Keung | Beneficial owner | 3,000,000 | 0.33% |
| Mr. Yeung Ka Wing | Beneficial owner | 1,500,000 | 0.17% |
| Mr. Cheng Wai Ching | Beneficial owner | 1,500,000 | 0.17% |
| Mr. Yuen Tak Tim Anthony | Beneficial owner | 200,000 | 0.02% |
| Mr. Wong Kit Loong | Beneficial owner | 200,000 | 0.02% |

| Name of director | Capacity/nature of interest | Number of underlying Shares | Approximate percentage* of shareholding in the Company |
|--------------------|-----------------------------|-----------------------------|--|
| Mr. Wong Kam Pui | Beneficial owner | 200,000 | 0.02% |
| Mr. Lam Cheung Wai | Beneficial owner | 200,000 | 0.02% |

* The percentage represents the number of ordinary shares/equity derivatives involved divided by the number of the Company's issued Shares as at the Latest Practicable Date.

Details of the Share Options held by each Director were as follows:

| Director | Number of Share Options | Date of grant | Exercise price | Exercise period |
|-----------------------------|-------------------------|------------------|----------------|---------------------------------------|
| Mr. Tang Yiu Sing | 900,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Chan Yip Keung | 3,000,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Yeung Ka Wing | 1,500,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Cheng Wai Ching | 1,500,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Yuen Tak Tim Anthony | 200,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Wong Kit Loong | 200,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Wong Kam Pui | 200,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |
| Mr. Lam Cheung Wai | 200,000 | 2 September 2021 | HK\$1.10 | from 1 March 2023 to 1 September 2031 |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had, or were deemed to have, any interests or short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which were (i) required 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) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (iii) required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or (iv) required to be disclosed under the Takeovers Code.

(b) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions 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, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

| Name of shareholder | Number of Shares | | | | | Total interest | Approximate percentage* of shareholding in the Company |
|-----------------------------|-------------------------|-------------------------|-------------------------|-----------------------|--------------------------------|-----------------|--|
| | Beneficial owner | Corporate interest | Family interest | Concert party | Executor or administrator | | |
| Offeror | 506,974,000 (Note 2) | — | — | — | — | 506,974,000 (L) | 56.15% |
| Chime Corporation Limited | — | 506,974,000 (Note 2) | — | — | — | 506,974,000 (L) | 56.15% |
| Mr. Jong Yat Kit | — | — | — | — | 506,974,000 (Notes 2 and 3) | 506,974,000 (L) | 56.15% |
| Mr. Wong Tak Wai | — | — | — | — | 506,974,000 (Notes 2 and 3) | 506,974,000 (L) | 56.15% |
| Pine Active Care Limited | 135,304,000 (Note 4) | — | — | — | — | 135,304,000 (L) | 14.99% |
| Silverage Pillar Limited | — | 135,304,000 (Note 4) | — | — | — | 135,304,000 (L) | 14.99% |
| Silverage Pine Care Limited | — | 135,304,000 (Note 4) | — | — | — | 135,304,000 (L) | 14.99% |
| Yim Ting Kwok | 4,568,000 (Note 5) | 135,304,000 (Note 4) | — | — | — | 139,872,000 (L) | 15.49% |
| Cho Wing Yin | — | 135,304,000 (Note 4) | — | 4,568,000 (Note 5) | — | 139,872,000 (L) | 15.49% |
| Ng Kwok Fu Alex | — | 135,304,000 (Note 4) | — | 4,568,000 (Note 5) | — | 139,872,000 (L) | 15.49% |
| Suen Mi Lai Betty | — | 135,304,000 (Note 4) | — | — | — | 135,304,000 (L) | 14.99% |
| Yim Billy Pui Kei | 320,000 | 135,304,000 (Note 4) | — | — | — | 135,624,000 (L) | 15.02% |
| Yim Edwin Pui Hin | — | 135,304,000 (Note 4) | — | — | — | 135,304,000 (L) | 14.99% |
| Lock Hiu Yan Crystal | — | — | 135,304,000 (Note 6) | — | — | 135,304,000 (L) | 14.99% |
| Cheung Sui Wa Scarlett | — | — | 135,624,000 (Note 7) | — | — | 135,624,000 (L) | 15.02% |
| Chu Lai King | — | 135,304,000 (Note 4) | — | — | — | 135,304,000 (L) | 14.99% |

Notes:

1. The letter “L” represents long position in the Shares.
2. The Offeror held 506,974,000 Shares immediately upon Completion and as at the Latest Practicable Date. The Offeror is a wholly-owned subsidiary of CCG Healthcare Holdings Limited, which is in turn wholly-owned by Parasia Limited. Parasia Limited is a wholly-owned subsidiary of Chime Corporation Limited. Accordingly, Chime Corporation Limited is deemed to be interested in all the Shares held by the Offeror under Part XV of the SFO.
3. 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**”). Mr. Jong Yat Kit and Mr. Wong Tak Wai 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. Mr. Jong Yat Kit and Mr. Wong Tak Wai are therefore deemed to be interested in all the Shares held by the Offeror.
4. These Shares are held by Pine Active Care Limited, which 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 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 Limited 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 Limited, Silverage Pillar Limited, 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 Limited pursuant to Part XV of the SFO.
5. 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 and Ms. Cho Wing Yin are 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.
6. Ms. Lock Hiu Yan Crystal is deemed to be interested in these Shares through the interest of her spouse, Mr. Yim Edwin Pui Hin.
7. 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 percentage represents the number of Shares involved divided by the number of the Company’s issued Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed above, the Directors and the chief executive of the Company were not aware of any other persons or entities (other than the Directors or chief executives of the Company) who had interests or short position in the Shares and 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, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

5. SHAREHOLDINGS

As at the Latest Practicable Date:

- (i) the Company did not hold any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror;
- (ii) save as disclosed in the paragraph headed “4. Disclosure of Interests — (a) Interests and short positions of the Directors and chief executive” in this appendix, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company nor the Offeror;
- (iii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons 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) owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) 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;
- (v) 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;
- (vi) the intention of the Directors in respect of their beneficial interest in Shares and/or options of the Company are as follows:
 - (1) Mr. YS Tang, an executive Director, intends to accept the Share Offer in respect of all his 14,040,000 Shares and intends to accept the Option Offer in respect of all his 900,000 Options;
 - (2) Mr. Chan Yip Keung, an executive Director, intends to accept the Share Offer in respect of his 6,000,000 Shares and does not intend to accept the Share Offer in respect of his remaining 888,000 Shares, and intends to accept the Option Offer in respect of all his 3,000,000 Options;
 - (3) Mr. Yeung Ka Wing Tang, an executive Director, intends to accept the Option Offer in respect of all his 1,500,000 Options;
 - (4) Mr. Cheng Wai Ching, an executive Director, intends to accept the Option Offer in respect of all his 1,500,000 Options;

- (5) Mr. Yuen Tak Tim Anthony, an independent non-executive Director, does not intend to accept the Option Offer in respect of all his 200,000 Options;
 - (6) Mr. Wong Kit Loong, an independent non-executive Director, does not intend to accept the Option Offer in respect of all his 200,000 Options;
 - (7) Mr. Wong Kam Pui, an independent non-executive Director, does not intend to accept the Option Offer in respect of all his 200,000 Options; and
 - (8) Mr. Lam Cheung Wai, an independent non-executive Director, does not intend to accept the Option Offer in respect of all his 200,000 Options;
- (vii) 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 Takeovers Code) of the Company, save for any borrowed Shares which had been either on-lent or sold; and
- (viii) there was no understanding, arrangement or agreement which constituted a special deal under Rule 25 of the Takeovers Code between any Shareholder and the Company, its subsidiaries or associated companies.

6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (i) the Company had not dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror; and
- (ii) save for the disposal of the Sale Shares by the Vendors, which are companies controlled by Mr. YS Tang, an executive Director, and Dr. Tang Yiu Pong, a non-executive Director pursuant to the SP Agreement, 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 Offeror and the Company.

During the Offer Period (up to the Latest Practicable Date):

- (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons 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;

- (ii) 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 hence no such person had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (iii) no fund manager connected with the Company who manage shareholdings in the Company on a discretionary basis had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (i) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ii) save for and except the proposed changes to the Board composition as set out in the paragraph headed “11. Changes to the composition of the Board” in the “Letter from the Joint Financial Advisers” in this Composite Document and the SP Agreement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (iii) save for and except the SP Agreement, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.

8. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with any member of the Group or the associated companies of the Company in force which:

- (i) (including both continuous and fixed term contracts) had been entered into or amended within six months prior to the commencement of the Offer Period;
- (ii) were continuous contracts with a notice period of 12 months or more; or
- (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period.

9. QUALIFICATION OF EXPERTS

In addition to the Offeror's experts listed in the paragraph headed "6. Qualification of Experts" in Appendix IV to this Composite Document, the following are the qualifications of the expert who has given opinions or advice which are contained or referred to in this Composite Document:

| Name | Qualifications |
|---------------------------------|--|
| Akron Corporate Finance Limited | a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the Independent Financial Advisers to the Independent Board Committee in connection with the Offers |

10. CONSENT

The expert mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which it appears.

11. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

12. MATERIAL CONTRACTS

Save as disclosed below, there were no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) which have been entered into by any members of the Group within the two years immediately preceding the date of the Joint Announcement and up to and including the Latest Practicable Date, which are or may be material:

- (i) the subscription agreement dated 10 May 2021 entered into between Pine Care Titanium Limited (the "**Subscriber**"), a wholly-owned subsidiary of the Company, and ETS Group Limited (the "**Issuer**"), in respect of the Subscriber's conditional subscription of the convertible bonds in the principal amount of HK\$9.5 million due two years from the date of issue at a conversion price of HK\$0.608 per conversion share, pursuant to which upon full conversion of the convertible bonds at the initial conversion price of HK\$0.608, a total of 15,625,000 ordinary shares of the Issuer (being HK\$0.01 each in the share capital of the Issuer) will be allotted and issued.

13. MISCELLANEOUS

As at the Latest Practicable Date:

- (i) the registered office of the Company was situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands; and the principal place of business of the Company in Hong Kong was situated at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong;
- (ii) the branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
- (iii) the registered office of Akron Corporate Finance was situated at Room 811–812, China United Centre, 28 Marble Road, North Point, Hong Kong; and
- (iv) in case of any inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts.

14. DOCUMENTS ON DISPLAY

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

- (1) the amended and restated memorandum and articles of association of the Company;
- (2) the Annual Report 2020, the Annual Report 2021 and the Annual Report 2022;
- (3) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this Composite Document;
- (4) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this Composite Document;
- (5) the letter from the Independent Financial Adviser”, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this Composite Document;
- (6) the written consent referred to in the paragraph headed “10. Consent” in this Appendix III to this Composite Document;
- (7) the material contracts referred to in the paragraph headed “12. Material Contracts” in this Appendix III to this Composite Document; and
- (8) this Composite Document and the accompanying Forms of Acceptance.

1. RESPONSIBILITY STATEMENT

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 Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (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 Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS OF THE OFFEROR CONCERT PARTIES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company owned or controlled by the Offeror and parties acting in concert with it were as follows:

| Name | Capacity | Relevant Securities | | Approximate percentage of the number of issued Shares (%) |
|---------------------------|------------------------------------|---------------------------------|-------------|---|
| | | Interests | Total | |
| Offeror | Beneficial owner | 506,974,000 ⁽¹⁾ | 506,974,000 | 56.15 |
| Chime Corporation Limited | Interest of controlled corporation | 506,974,000 ⁽¹⁾ | 506,974,000 | 56.15 |
| Mr. Jong Yat Kit | Executor or administrator | 506,974,000 ^{(1), (2)} | 506,974,000 | 56.15 |
| Mr. Wong Tak Wai | Executor or administrator | 506,974,000 ^{(1), (2)} | 506,974,000 | 56.15 |

Notes:

- (1) The Offeror held 506,974,000 Shares immediately after Completion and as at the Latest Practicable Date. The Offeror is a wholly-owned subsidiary of CCG Healthcare Holdings Limited, which is in turn wholly-owned by Parasia Limited. Parasia Limited is a wholly-owned subsidiary of Chime Corporation Limited. Accordingly, Chime Corporation Limited is deemed to be interested in all the Shares held by the Offeror under Part XV of the SFO.

- (2) 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”). Mr. Jong Yat Kit and Mr. Wong Tak Wai 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. Mr. Jong Yat Kit and Mr. Wong Tak Wai are therefore deemed to be interested in all the Shares held by the Offeror.

As at the Latest Practicable Date, save as disclosed above, neither the Offeror nor any Offeror Concert Parties owned, controlled or had direction over any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- (1) save as disclosed in the section “2. Disclosure of Interests of the Offeror Concert Parties”, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns, owned, held, controlled or had 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;
- (2) 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;
- (3) 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 Relevant Period;
- (4) 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 between the Offeror, or the Offeror Concert Parties, and any other persons;
- (5) 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;
- (6) save for the SP Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offers;

- (7) 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
- (8) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between:
 - (A) (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (b) the Vendors and their concert parties on the other hand; or
 - (B) (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (b) the Shareholders on the other hand.
- (9) there is no understanding, arrangement or agreement under which securities to be acquired pursuant to the Offers will be transferred, charged, pledged to any other persons.

4. GENERAL

- (1) As at the Latest Practicable Date, there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offers.
- (2) As at the Latest Practicable Date, save for the SP Agreements, there was no agreement, arrangement, or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers.
- (3) As at the Latest Practicable Date, save for the SP Agreements, there was no agreement or arrangement to which the Offeror and parties acting in concert with it is a party which relates to circumstances in which it may or may not seek to invoke a condition to the Offers.

5. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on: (a) the last Business Day of each of the calendar months during the period commencing six months preceding the date of the Joint Announcement up to the Latest Practicable Date; (b) the Last Trading Day; and (c) the Latest Practicable Date:

| | Closing price per Share (HK\$) |
|--|---|
| 28 February 2022 | 0.680 |
| 31 March 2022 | 0.315 |
| 29 April 2022 | 0.500 |
| 31 May 2022 | 0.570 |
| 30 June 2022 | 0.560 |
| 29 July 2022 | 0.560 |
| 29 August 2022 (Last Trading Day) | 0.880 |
| 31 August 2022 | 0.850 |
| 30 September 2022 | 0.850 |
| 3 October 2022 (Latest Practicable Date) | 0.880 |

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.880 per Share on the Last Trading Day and the Latest Practicable Date, and HK\$0.249 per Share on 2 March 2022, respectively.

Offer Options

The Offer Options are not listed on the Stock Exchange and there was no transactions in the Offer Options which have taken place during the Relevant Period.

6. QUALIFICATION OF EXPERTS

The following are the qualifications of the expert who has given opinions or advice which are contained in this Composite Document:

| Name | Qualifications |
|--------------------------------|---|
| KPMG Corporate Finance Limited | a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Financial Advisers |
| Rainbow Capital (HK) 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 one of the Joint Financial Advisers |

7. CONSENT

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which it appears.

8. MISCELLANEOUS

(1) Principal members of the Offeror Concert Parties include:

- (a) the Offeror;
- (b) Chime Corporation Limited, Parasia Limited and CCG Healthcare Holdings Limited. Chime Corporate Limited is the holding company of Chinachem Group and it indirectly holds 100% interest in the Offeror through Parasia Limited and CCG Healthcare Holdings Limited. Each of the Offeror, Parasia Limited and CCG Healthcare Holdings Limited is a wholly-owned subsidiary of Chime Corporation Limited;
- (c) Mr. Wong Hung Han, Mr. Choi Wun Hing, Donald, Mr. Chan Kam Por, Mr. Ng Shung Mo, each being a director of Chime Corporation Limited; and
- (d) Mr. Jong Yat Kit and Mr. Wong Tak Wai, being professional administrators appointed by the High Court of Hong Kong as the joint and several administrators of the each of the estates of Ms. Nina Kung and Mr. Wang Teh Huei. 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.

For information of the Offeror and Chinachem Group, please see paragraphs headed “14. Information of the Parties” in the “Letter from the Joint Financial Advisers” section of this Composite Document;

(2) The name of the directors of the principal members of the Offeror Concert Parties are:

| Principal member of Offeror Concert Parties | Director(s) of that member |
|--|--|
| The Offeror | Mr. Wong Hung Han |
| CCG Healthcare Holdings Limited | Mr. Choi Wun Hing, Donald and Mr. Chan Kam Por |
| Parasia Limited | Mr. Chan Kam Por |
| Chime Corporation Limited | Mr. Choi Wun Hing, Donald, Mr. Wong Hung Han, Mr. Chan Kam Por and Mr. Ng Shung Mo |

- (3) The registered office of each of the Offeror, CCG Healthcare Holdings Limited and Parasia Limited is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of each of the Offeror, CCG Healthcare Holdings Limited and Parasia Limited is at 35–38/F, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong;
- (4) The registered office of Chime Corporation Limited is 35–38/F, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong;
- (5) The address of all directors of all the principal members of the Offeror Concert Parties is 35–38/F, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong;
- (6) KPMG Corporate Finance is one of the Joint Financial Advisers, and its registered office is 8/F Prince’s Building, Central, Hong Kong; and
- (7) Rainbow Capital is one of the Joint Financial Advisers and is making the Offers on behalf of the Offeror, and its registered office is at Room 5B, 12th Floor, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong.

9. DOCUMENTS ON DISPLAY

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

- (1) the memorandum and articles of association of the Offeror;
- (2) the letter from the Joint Financial Advisers, the text of which is set out in the section headed “Letter from the Joint Financial Advisers” of this Composite Document;
- (3) the written consent referred to in the section headed “7. Consent” in this Appendix IV to this Composite Document; and
- (4) the SP Agreement.

The following is a form of the Option Offer Letter being sent to each Offer Optionholder in connection with the Option Offer.



8/F Prince's Building
Central
Hong Kong



RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司
Room 5B, 12th Floor
Tung Ning Building
No. 2 Hillier Street
Sheung Wan, Hong Kong

7 October 2022

To the Offer Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL 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)**

1. INTRODUCTION

A composite document dated the same date as this letter issued jointly by the Offeror and the Company (“**Composite Document**”) and a **PINK** Form of Acceptance for Option Offer is provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in this Composite Document. This letter should be read in conjunction with this Composite Document.

The Company was informed by the Offeror and the Vendors that 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 the Joint announcement.

Immediately prior to Completion, none of the Offeror Concert Parties owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. On the Completion Date, the Offeror and the Company jointly announced that Completion took place on even date. Immediately after Completion and as at the Latest Practicable Date, the Offeror held 506,974,000 Shares, which represented approximately 56.15% of the total number of issued Shares.

The Offeror is therefore required to 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, through Rainbow Capital, makes 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.

This letter sets out, among other things, the principal terms of the Option Offer and the actions you may take in relation to any Offer Options held by you. You are advised to refer to the entire Composite Document when considering them. Your attention is also drawn to the terms and conditions of the documentation under which each of your Offer Options was granted (including the terms of the Share Option Scheme).

2. THE OPTION OFFER

Rainbow Capital, on behalf of the Offeror, makes the Option Offer 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 Latest Practicable Date, (i) there were 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; (ii) none of the Offeror Concert Parties hold any Share Options.

The Option Offer is extended to all outstanding Offer Options.

Pursuant to the Expected Timetable in this Composite Document, the Closing Date is expected to be Friday, 28 October 2022.

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 Offer will be extended to any Shares that are issued as a result of the exercise of the Offer Options and valid acceptance in respect of such issued Shares is accepted on or before the date on which the Share Offer is closed, and 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.

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 this Composite Document will be cancelled and renounced in their entirety.

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

Payment in cash in respect of acceptances of the Option Offer will be made as soon as possible but in any event, within seven (7) Business Days following the day on which the duly completed acceptances of the Option Offer and the relevant documents of title of 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 Accepting Optionholder will be rounded up to the nearest cent.

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

You are advised to refer to the sections headed “8. Taxation Advice” and “9. Overseas Shareholders and Optionholders” in the “Letter from the Joint Financial Advisers” in this Composite Document, and the sections headed “2. Procedures for Acceptance of the Option Offer” and “6. Nominee Registration” in Appendix I to this Composite Document.

Your attention is drawn to (i) the “Letter from the Independent Board Committee” of this Composite Document, which contains the recommendation of the Independent Board Committee to the Offer Shareholders and the Offer Optionholders in relation to the Offers; and (ii) the “Letter from the Independent Financial Adviser” of this Composite Document, which sets out the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offers.

The Offer Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Option Offer. It is emphasised that None of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers is in a position to advise the

Optionholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Option Offer.

3. COURSES OF ACTION AVAILABLE TO THE OFFER OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding Offer Options are:

- (1) to the extent any of your outstanding Offer Options is not exercised, you may accept the Option Offer in accordance with its terms (as set out in this Composite Document and the **PINK** Form of Acceptance for Option Offer) and receive the Option Offer Price by allowing such unexercised outstanding Offer Options to remain unexercised, and returning, duly completed and signed, the **PINK** Form of Acceptance for Option Offer enclosed together with the relevant document(s) to the Company at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date;
- (2) you may in accordance with the terms of the Share Option Scheme exercise all of your outstanding Offer Options (to the extent not already exercised) or only some of them to the extent specified in your notice of exercise, by submitting a notice of exercise of Options to the Company. Any Shares issued as a result of the exercise of such Outstanding Share Options as mentioned above will be subject to and eligible to participate in the Share Offer. Please refer to this Composite Document for the details of the Share Offer in this regard; or
- (3) do nothing, in which case pursuant to the terms of the Share Option Scheme, 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.

Each Outstanding Share Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, this Composite Document, the **PINK** Form of Acceptance for Option Offer and the terms and conditions of the Share Option Scheme.

4. OUTSTANDING OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE

Information on the Outstanding Share Options held by you as at the Latest Practicable Date is available from the company secretary of the Company. If any of your Outstanding Share Options are exercised after the Latest Practicable Date, you may, before the expiry of the Offer Period, accept the Option Offer only in respect of those outstanding Offer Options which remain unexercised at the time of acceptance of the Option Offer.

5. LAPSED OPTIONS

Please note that nothing in this letter or this Composite Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of the Share Option Scheme. You cannot exercise, or accept the Option Offer in respect of, a Share Option once it lapses in accordance with its terms.

6. PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

In making your decision as an Optionholder, you must rely on your own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Adviser or their respective professional advisers. Optionholders should consult your own professional advisers for professional advice. If you are in any doubt as to any aspect of this letter, this Composite Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

7. GENERAL

- (1) All communications, notices, the **PINK** Form of Acceptance for Option Offer, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as an option holder or your designated agents by post, shall be posted at your own risk, and none of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Registrar and any of their respective directors and other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (2) The provisions set out in this Composite Document and the **PINK** Form of Acceptance for Option Offer form part of the terms of the Option Offer.
- (3) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (4) The due execution of a **PINK** Form of Acceptance for Option Offer in respect of the Option Offer will constitute an authority to the Offeror, KPMG Corporate Finance, Rainbow Capital, the Registrar or such person(s) as any of them may direct (i) to complete on behalf of the Accepting Optionholder the **PINK** Form of Acceptance for Option Offer and any other document(s); and (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the Optionholders in respect of the outstanding Offer Options which are the subject of such acceptance.

- (5) By completing the **PINK** Form of Acceptance for Option Offer in respect of a particular outstanding Offer Option, you irrevocably authorise the Offeror, KPMG Corporate Finance, Rainbow Capital, the Registrar and/or their respective agents to send a cheque to you by ordinary post at your own risk.

8. ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance for Option Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Options for which the Option Offer is accepted. If no number is inserted in the box title “Number of Options to be cancelled” or the number of Share Options inserted is greater than the number of your registered holding of Share Options or is greater or smaller than the number of the Options represented by the option certificate tendered for acceptance of the Option Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted by you and received by the Company at or before the latest time for acceptance of the Option Offer.

The duly completed and signed **PINK** Form of Acceptance for Option Offer should be forwarded, together with the relevant option certificate(s) (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “**Pine Care Group Limited — Option Offer**” to the Company at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date, or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the option certificate(s) (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Acceptance for Option Offer should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company. The Offeror shall have the absolute discretion to decide whether any Offer Option(s) in respect of which the option certificate(s) (if applicable) is/are not readily available and/or is/are lost will be accepted under the Option Offer.

If the Share Offer is withdrawn or lapses, the Option Offer will be withdrawn or lapse too. In such case, the Offeror shall, at the Optionholders’ own risk as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the **PINK** Form of Acceptance for Option Offer to the relevant Optionholders.

No acknowledgment of receipt of any **PINK** Form of Acceptance for Option Offer and/or option certificate(s) (if applicable) will be given.

References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

9. RESPONSIBILITY STATEMENT

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 letter (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this letter (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 letter, the omission of which would make any statement in this letter misleading.

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

Yours faithfully,
For and on behalf of

KPMG Corporate Finance Limited

Eric Lau
Director

Rainbow Capital (HK) Limited

Larry Choi
Managing Director