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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE RENEWAL OF TENANCY AGREEMENTS**

RENEWAL OF TENANCY AGREEMENTS

The Company is pleased to announce that it has received both the New Pine Care Tenancy Agreement and the Lee Foo Tenancy Agreement, countersigned and duly stamped, from Link Properties on 16 May 2023. The New Pine Care Tenancy Agreement and the Lee Foo Tenancy Agreement respectively relates to the renewal of tenancy of the New Pine Care Premises and the Lee Foo Premises, where two of the elderly home centres of the Group operate, with Besting Holdings, an indirect wholly-owned subsidiary of the Company, as tenant, and Link Properties, as Landlord.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements will be regarded as an acquisition of asset by the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but fall below 25%, the transaction contemplated under the Tenancy Agreements constitutes discloseable transactions of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Company is pleased to announce that it has received both the New Pine Care Tenancy Agreement and the Lee Foo Tenancy Agreement, countersigned and duly stamped, from Link Properties on 16 May 2023. The New Pine Care Tenancy Agreement and the Lee Foo Tenancy Agreement respectively relates to the renewal of tenancy of the New Pine Care Premises and the Lee Foo Premises, where two of the elderly home centres of the Group operate, with Besting Holdings, an indirect wholly-owned subsidiary of the Company, as tenant, and Link Properties, as Landlord.

THE NEW PINE CARE TENANCY AGREEMENT

Set forth below are the principal terms of the New Pine Care Tenancy Agreement:

Date:	12 April 2023
Landlord:	Link Properties
Tenant:	Besting Holdings
The Premises:	A portion on ground floor, first floor and second floor of Shun Lee Commercial Centre and shop number F20 to F22, F3 floor, Lee Foo House, Shun Lee Estate, 15 Lee On Road, Kowloon, Hong Kong (the “ New Pine Care Premises ”)
Term:	Six years commencing on 23 February 2023 and expiring on 22 February 2029
Consideration payable:	The aggregate amount of base rent payable by Besting Holdings under the New Pine Care Tenancy Agreement is approximately HK\$75.9 million (exclusive of Government Rates, Service Charge and other outgoings), which will be met with the internal resources of the Group. Besting Holdings shall pay the monthly rent in advance on the first day of each calendar month. In addition, Besting Holdings is also required to pay turnover rent (where applicable) per month.
Usage:	The New Pine Care Premises shall be used for the sole purpose of operating an elderly home centre.

THE LEE FOO TENANCY AGREEMENT

Set forth below are the principal terms of the Lee Foo Tenancy Agreement:

Date:	12 April 2023
Landlord:	Link Properties
Tenant:	Besting Holdings

The Premises:	Shop number 101–108, F2 floor, Lee Foo House, Shun Lee Estate, Lee On Road, Kowloon, Hong Kong (the “ Lee Foo Premises ”)
Term:	Six years commencing on 23 February 2023 and expiring on 22 February 2029
Consideration payable:	The aggregate amount of base rent payable by Besting Holdings under the Lee Foo Tenancy Agreement is approximately HK\$13.1 million (exclusive of Government Rates, Service Charge and other outgoings), which will be met with the internal resources of the Group. Besting Holdings shall pay the monthly rent in advance on the first day of each calendar month. In addition, Besting Holdings is also required to pay turnover rent (where applicable) per month.
Usage:	The Lee Foo Premises shall be used for the sole purpose of operating an elderly home centre.

INFORMATION OF THE PARTIES

The Group and Besting Holdings

The Group is principally engaged in (i) the provision of senior care services, including the provision of residence, professional nursing and care taking services, nutritional management, medical services, psychological and social care, and individual care plans; and (ii) sale of senior care related goods in Hong Kong.

Besting Holdings is an indirect wholly-owned subsidiary of the Company principally engaged in the provision of senior care services.

Landlord

The Landlord is a company incorporated under the laws of the Cayman Islands with limited liability and principally engaged in property holding and leasing.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, the Landlord is ultimately owned by Link Real Estate Investment Trust, a real estate investment trust that is listed on the Stock Exchange (Stock Code : 00823), the Landlord and Link Real Estate Investment Trust are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS

The Premises have been occupied by the Group on lease and the original tenancy agreements in respect of the Premises had expired in February 2023. The renewal of the tenancies of the Premises by way of the entering into of the Tenancy Agreements will allow the Group to continue to operate elderly home centres and provide senior care services of high quality to the target customers on an uninterrupted basis.

The terms of the Tenancy Agreements, including the rent payable by Besting Holdings thereunder, were determined after arm's length negotiations between the Landlord and Besting Holdings, taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. The conclusion of the Tenancy Agreements is necessary for providing stability and securing the continued operation of the Group's senior care services including the provision of residence, professional nursing and care taking services. As such, the Board considers that the terms of the Tenancy Agreements are fair and reasonable and in the interests of the Group and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 "Leases" as adopted by the Company, the Company will recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements will be regarded as an acquisition of asset by the Company under Chapter 14 of the Listing Rules. The value of the right-of-use asset recognised by the Company under the Tenancy Agreements in aggregate amounts to approximately HK\$78.7 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Tenancy Agreements and their expected depreciation recognised in accordance with the straight-line depreciation method.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but all such ratios fall below 25%, the transaction contemplated under the Tenancy Agreements constitute discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31 October 2022 at the request of the Company pending restoration of minimum public float by the Company, and will remain suspended until further notice.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Besting Holdings"	Besting Holdings Limited (百興集團有限公司), a private company limited by shares incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Company"	Pine Care Group Limited (松齡護老集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord” or “Link Properties”	Link Properties Limited (領展物業有限公司), a company incorporate under the laws of Cayman Islands with limited liability
“Lee Foo Tenancy Agreement”	the tenancy agreement dated 12 April 2023 entered into between Link Properties as landlord and Besting Holdings as tenant in respect of the Lee Foo Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Pine Care Tenancy Agreement”	the tenancy agreement dated 12 April 2023 entered into between Link Properties as landlord and Besting Holdings as tenant in respect of the New Pine Care Premises
“Premises”	the New Pine Care Premises and the Lee Foo Premises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the Lee Foo Tenancy Agreement and the New Pine Care Tenancy Agreement
“%”	per cent.

For and on behalf of the Board
Pine Care Group Limited
Chan Yip Keung
Executive Director

Hong Kong, 16 May 2023

As at the date of this announcement, the Board comprises ten Directors, namely, Mr. Chan Yip Keung as executive Director; Mr. Choi Wun Hing Donald (Chairman of the Board), Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man as non-executive Directors; and Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong as independent non-executive Directors.