

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal, this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional advisor.

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

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Pine Care Group Limited or Diamond Ridge Holdings Limited.



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)

**(1) PROPOSAL FOR THE PRIVATISATION OF
PINE CARE GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
PINE CARE GROUP LIMITED**

Joint Financial Advisors to the Offeror



Rainbow Capital (HK) Limited

Independent Financial Advisor to the Independent Board Committee



Akron Corporate Finance Limited

Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed "Definitions" of this Scheme Document.

A letter from the Board is set out in the section headed "Letter from the Board" of this Scheme Document. A letter from the Independent Board Committee containing its recommendation to the Scheme Shareholders in relation to the Proposal and the Scheme is set out in the section headed "Letter from the Independent Board Committee" of this Scheme Document. A letter from the Independent Financial Advisor, containing its advice to the Independent Board Committee in relation to the Proposal and the Scheme is set out in the section headed "Letter from the Independent Financial Advisor" of this Scheme Document. An explanatory memorandum regarding the Scheme is set out in the section headed "Explanatory Memorandum" of this Scheme Document.

The actions to be taken by the Shareholders are set out in the section headed "Actions to be Taken" of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Monday, 15 January 2024 and the General Meeting to be held at 10:30 a.m. (or, if later, immediately after the conclusion or adjournment of the Court Meeting) on Monday, 15 January 2024 are set out in Appendix V and Appendix VI to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, you are strongly encouraged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon and to lodge them at the office of the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated under the section headed "Actions to be Taken" of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. If the **WHITE** form of proxy is not so lodged at least 48 hours before the time appointed for the General Meeting, it will not be valid. Completion and return of the forms of proxy for Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by the Offeror and the Company. The English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese version for the purpose of interpretation.

22 December 2023

IMPORTANT NOTICE

NOTICE TO OVERSEAS SCHEME SHAREHOLDERS

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should satisfy themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholder wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any actions taken by such overseas Scheme Shareholders in respect of the Proposal will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisors, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisors.

If you are an overseas Scheme Shareholders, your attention is drawn to the paragraph headed “21. Overseas Scheme Shareholders” in the section headed “Explanatory Memorandum” of this Scheme Document.

NOTICE TO US HOLDERS OF SHARES

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the Companies Act. Any financial information included in this Scheme Document has been prepared in accordance with the accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with the generally accepted accounting principles in the US. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended.

Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Hong Kong and the Cayman Islands to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation and extinguishment of its Scheme Shares pursuant to the Scheme by a Scheme Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each Scheme Shareholder is encouraged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the Proposal applicable to him/her/it. It may be difficult for US holders of the Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a judgement of the US court.

IMPORTANT NOTICE

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group.

This Scheme 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. The forward-looking statements contained in this Scheme Document include statements about the expected effects of the Proposal on the Company, the expected timing and scope of the Proposal, and all other statements in this Scheme Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects” 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, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics or outbreak of infections or contagious diseases such as novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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 at the Latest Practicable Date. Any forward-looking statement contained in this Scheme Document based on past or current trends and/or activities of the Company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Scheme Document is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

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DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Adjusted NAV”	adjusted unaudited consolidated net asset value of the Group as set out in the section headed “4. Property Interests and Adjusted Net Asset Value” in Appendix I to this Scheme Document
“Announcement”	the announcement dated 6 October 2023 jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	6 October 2023, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Authorisation(s)”	authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which material in the context of the Group taken as a whole
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$0.89 for every Scheme Share cancelled and extinguished pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“Chinachem Group”	Chime Corporation Limited and its subsidiaries (including the Offeror)

DEFINITIONS

“Committed Shareholders”	persons who have provided the Irrevocable Undertakings in favour of the Offeror, namely the personal representatives of the TSB Estate and Mr. Chan Yip Keung
“Committed Shares”	Shares held by the Committed Shareholders, together with any Shares that may be issued by the Company which are attributable to or derived from the Shares held by the Committed Shareholders, and any other Shares which the Committed Shareholders, may, after the date of the Irrevocable Undertakings, become the beneficial owner(s) (or otherwise become able to control the exercise of all rights, including voting rights and the right to all dividends and distributions, attaching to such Shares)
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands
“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)
“Conditions”	the conditions to the Proposal, as set out in the paragraph headed “5. Conditions to the Proposal” in the section headed “Explanatory Memorandum” of this Scheme Document
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Monday, 15 January 2024 at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix V to this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in the section headed “Explanatory Memorandum” of this Scheme Document

DEFINITIONS

“General Meeting”	the extraordinary general meeting of the Company to be held at 10:30 a.m. (or, if later, immediately after the conclusion or adjournment of the Court Meeting) on Monday, 15 January 2024 at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong, notice of which is set out in Appendix VI to this Scheme Document, or any adjournment thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established to advise the Scheme Shareholders in respect of the Proposal and the Scheme
“Independent Financial Advisor”	Akron Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial advisor to the Independent Board Committee in relation to the Proposal and the Scheme
“Irrevocable Undertakings”	the irrevocable undertakings given by the Committed Shareholders in favour of the Offeror as detailed in the paragraph headed “6. Irrevocable Undertakings” in the section headed “Explanatory Memorandum” of this Scheme Document
“KPMG Corporate Finance”	KPMG Corporate Finance Limited, being one of the joint financial advisors to the Offeror in relation to the Proposal and the Scheme, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Last Trading Day”	28 October 2022, being the last trading day in the Shares on the Stock Exchange immediately prior to the publication of the Announcement

DEFINITIONS

“Latest Practicable Date”	19 December 2023, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, the Grand Court, on application of the Company, may allow and in all cases, as permitted by the Executive)
“Mandatory General Offers”	the mandatory unconditional cash offers made by Rainbow Capital for and on behalf of the Offeror to acquire all the issued shares in and to cancel all outstanding share options of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) that closed at 4:00 p.m. on 28 October 2022
“Meeting Record Date”	Monday, 15 January 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the General Meeting
“offer period”	has the meaning ascribed to it in the Takeovers Code, which commenced on 6 October 2023 and will end on the Effective Date, or the date on which the Scheme is withdrawn or lapses in accordance of its terms and the Takeovers Code
“Offeror”	Diamond Ridge Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document

DEFINITIONS

“Rainbow Capital”	Rainbow Capital (HK) Limited, being one of the joint financial advisors to the Offeror in relation to the Proposal and the Scheme, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange
“Relevant Period”	the period commencing from the date of six months preceding the Announcement Date and ending on the Latest Practicable Date
“Scheme”	a scheme of arrangement under Section 86 of the Companies Act for the implementation of the Proposal, involving the cancellation and extinguishment of all the Scheme Shares and the simultaneous restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the issuance to the Offeror, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished
“Scheme Document”	this composite scheme document, including each of the letters, statements, memorandum, appendices and notices in it
“Scheme Record Date”	27 February 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose determining the entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date other than those held by the Offeror or the Offeror Concert Parties. As at the Latest Practicable Date, 32,043,950 Shares will be regarded as Scheme Shares and subject to the Scheme
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares as at the Scheme Record Date
“SFC”	Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Share Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“TSB Estate”	the estate of Mr. Tang Shing Bor (deceased)
“US”	United States of America
“Waiver”	the temporary waiver from strict compliance with the minimum public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules granted by the Stock Exchange to the Company
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

All percentages stated in this Scheme Document are approximations and certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This Scheme Document and the accompanying forms of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts of the aforementioned documents shall prevail.

ACTIONS TO BE TAKEN

1. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Entitlements of the Scheme Shareholders and the Shareholders to attend and vote at the Court Meeting and the General Meeting

Scheme Shareholders who are entitled to attend and vote at the Court Meeting and Shareholders who are entitled to attend and vote at the General Meeting are those whose names appear on the register of members of the Company as at the close of business on the Meeting Record Date, being Monday, 15 January 2024.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Wednesday, 10 January 2024 to Monday, 15 January 2024 (both days inclusive) and during such period, no transfer of Shares will be effected.

In order to qualify to vote at the Court Meeting and the General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 9 January 2024.

Forms of proxy

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the General Meeting are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the relevant proxy form from the transferor if any such purchaser wishes to attend or vote at the Court Meeting and/or the General Meeting.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **WHITE** form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- The **PINK** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting (i.e. no later than 10:00 a.m. on Saturday, 13 January 2024) or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).
- The **WHITE** form of proxy for use at the General Meeting must be lodged no later than 48 hours before the time appointed for holding the General Meeting (i.e. no later than 10:30 a.m. on Saturday, 13 January 2024) or any adjournment thereof in order to be accepted.

ACTIONS TO BE TAKEN

Completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the General Meeting, you will still be bound by the outcome of the Court Meeting and the General Meeting if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders and Shareholders respectively. We therefore strongly urge you to attend and vote at the Court Meeting and the General Meeting in person or by proxy.

Announcement of the results of the Court Meeting and the General Meeting

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting by no later than 7:00 p.m. on Monday, 15 January 2024. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER (OTHER THAN HKSCC NOMINEES)

The Company will not recognise any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the General Meeting personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the General Meeting and, for such purpose, the Registered Owner may appoint you as their proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the General Meeting.

ACTIONS TO BE TAKEN

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the General Meeting in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and the General Meeting, such Beneficial Owner should comply with the requirements of such Registered Owner.

3. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

HKSCC Nominees may vote for and against the Scheme in accordance with instructions received from CCASS Participants.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must:

- (a) unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting in respect of the Scheme. The procedures for voting in respect of the Scheme by the CCASS Investor Participants and the other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time; or

ACTIONS TO BE TAKEN

- (b) you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

4. EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and at the General Meeting.

If you keep any Shares in a share lending programme, the Offeror and the Company urge you to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the General Meeting without delay, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the General Meeting.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

If the Scheme becomes effective, it will be binding on all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

EXPECTED TIMETABLE

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

**Hong Kong Time
unless indicated otherwise**

Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the General Meeting	4:30 p.m. on Tuesday, 9 January 2024
Register of members of the Company closed for determination of entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the General Meeting (<i>Note 1</i>)	Wednesday, 10 January 2024 to Monday, 15 January 2024 (both days inclusive)
Latest time for lodging PINK forms of proxy in respect of the Court Meeting (<i>Note 2</i>)	10:00 a.m. on Saturday, 13 January 2024
Latest time for lodging WHITE forms of proxy in respect of the General Meeting (<i>Note 2</i>)	10:30 a.m. on Saturday, 13 January 2024
Meeting Record Date	Monday, 15 January 2024
Court Meeting (<i>Note 3</i>)	10:00 a.m. on Monday, 15 January 2024
General Meeting (<i>Note 3</i>)	10:30 a.m. on Monday, 15 January 2024 (or, if later, immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the General Meeting	No later than 7:00 p.m. on Monday, 15 January 2024
Court Hearing	Friday, 16 February 2024 (Cayman Islands time)

EXPECTED TIMETABLE

Announcement of the results of the Court Hearing,
the expected Effective Date and the expected date of
withdrawal of listing of Shares on the Stock Exchange at or before 8:30 a.m. on
Monday, 19 February 2024

Latest time for
lodging transfers of Shares in order to qualify for
entitlements under the Scheme 4:30 p.m. on
Thursday, 22 February 2024

Register of members of the Company closed for
determining Scheme Shareholders qualified for
entitlements under the Scheme (*Note 4*) from Friday, 23 February 2024
onwards

Scheme Record Date Tuesday, 27 February 2024

Effective Date (*Note 5*) Tuesday, 27 February 2024
(Cayman Islands time)

Announcement of the Effective Date and the withdrawal
of the listing of the Shares on the Stock Exchange at or before 8:30 a.m. on
Wednesday, 28 February 2024

Withdrawal of the listing of Shares
on the Stock Exchange becoming effective. 4:00 p.m. on
Thursday, 29 February 2024

Latest time to despatch cheques for
cash payment of the Cancellation Price to
the Scheme Shareholders under the Scheme (*Note 6*) Thursday, 7 March 2024

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. Forms of proxy should be deposited at the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). If the **WHITE** form of proxy is not lodged at least 48 hours before the time appointed for the General Meeting, it will not be valid. Completion and return of a form of proxy for the Court Meeting or the General Meeting will not preclude a Shareholder from attending and voting at the relevant meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.

EXPECTED TIMETABLE

3. The Court Meeting and the General Meeting will be held at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong at the times and dates specified above. For further details relating to the Court Meeting and the General Meeting, please see the notice of Court Meeting set out in Appendix V to this Scheme Document and the notice of General Meeting set out in Appendix VI to this Scheme Document. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting and the General Meeting, the Court Meeting and the General Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify members of the date, time and venue of the rescheduled meetings.
4. The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
5. The Scheme shall become effective upon all the Conditions set out in the paragraph headed “5. Conditions to the Proposal” in the section headed “Explanatory Memorandum” of this Scheme Document having been fulfilled or waived (as applicable).
6. Cheques for the payment of the Cancellation Price under the Scheme will be despatched no later than seven Business Days after the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Advisor, the Share Registrar and their respective directors, employees, officers, agents, advisors, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

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)

Non-executive Directors:

Mr. Choi Wun Hing Donald (*Chairman*)
Mr. Wong Hung Han
Mr. Tsang Tin For
Mr. Wu Tat Ming Damein
Ms. Hui Wai Man

Registered Office:

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

Executive Director:

Mr. Chan Yip Keung (*Chief Executive Officer*)

Principal Place of Business

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

Independent Non-executive Directors:

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

22 December 2023

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
PINE CARE GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
PINE CARE GROUP LIMITED**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Proposal.

LETTER FROM THE BOARD

On 4 October 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and, in particular, the Scheme, and to give you notices of the Court Meeting and the General Meeting (together with proxy forms in relation thereto). Your attention is also drawn to the sections headed “Letter from the Independent Board Committee”, “Letter from the Independent Financial Advisor”, “Explanatory Memorandum” of this Scheme Document and the terms of the Scheme set out in Appendix IV to this Scheme Document.

2. TERMS OF THE PROPOSAL

As at the Latest Practicable Date, (i) the issued share capital of the Company comprises 902,880,000 Shares, 32,043,950 of which (representing approximately 3.55% of the total number of Shares in issue) will be regarded as the Scheme Shares and subject to the Scheme; and (ii) the Company has no other outstanding options, warrants, derivatives or securities that are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price of HK\$0.89 in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be simultaneously restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

Cancellation Price

Under the Scheme, the Cancellation Price will be in the amount of HK\$0.89 per Scheme Share, which amount will be payable by the Offeror to the Scheme Shareholders in the form of cash.

LETTER FROM THE BOARD

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

As at the Latest Practicable Date, (i) the Company has not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) the Company does not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be). The Cancellation Price does not include any dividend that may be declared by the Company after the date of this Scheme Document.

Comparison of value

The Cancellation Price of HK\$0.89 represents:

- a discount of approximately 1.11% to the closing price of HK\$0.900 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 0.68% over the average closing price of HK\$0.884 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 0.91% over the average closing price of HK\$0.882 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 1.48% over the average closing price of approximately HK\$0.877 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 22.93% over the average closing price of approximately HK\$0.724 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 43.78% over the average closing price of approximately HK\$0.619 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of 485.5% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.152 as at 30 September 2023 (calculated based on (i) the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$137.0 million as at

LETTER FROM THE BOARD

30 September 2023 as extracted from the Company's interim report for the six months ended 30 September 2023 and (ii) 902,880,000 Shares (being the number of Shares in issue as at the Latest Practicable Date); and

- a discount of 7.9% to the Adjusted NAV per Share of approximately HK\$0.966.

Your attention is drawn to (i) the summary of the property valuation as set out in the property valuation report in Appendix II to this Scheme Document pursuant to Rule 11 of the Takeovers Code providing a valuation of the property interests of the Group as at 30 September 2023; and (ii) the section headed "4. Property Interests and Adjusted Net Asset Value" in Appendix I to this Scheme Document which provides details of the computation of the Adjusted NAV.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the historical financial performance and business prospects of the Group.

Highest and lowest prices

Trading in the Shares on the Stock Exchange has been suspended during the Relevant Period.

During the six-month period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.900 on 28 October 2022, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.470 on 28 April 2022.

3. FINANCIAL RESOURCES

KPMG Corporate Finance and Rainbow Capital have been appointed as the joint financial advisors to the Offeror in connection with the Proposal and the Scheme.

On the assumption that no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required for the Offeror to effect the Proposal in full is HK\$28,519,115.50.

The Offeror intends to finance the cash requirement for the Proposal through its internal cash resources.

KPMG Corporate Finance and Rainbow Capital, being the joint financial advisors to the Offeror in respect of the Proposal, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal in full.

LETTER FROM THE BOARD

4. REASONS FOR AND BENEFITS OF THE PROPOSAL

You are encouraged to read carefully the paragraph headed “4. Reasons for and benefits of the Proposal” in the section headed “Explanatory Memorandum” of this Scheme Document.

5. CONDITIONS TO THE PROPOSAL

The Proposal is subject to the fulfillment or waiver, as applicable, of the Conditions described in the paragraph headed “5. Conditions to the Proposal” in the section headed “Explanatory Memorandum” of this Scheme Document.

If the Scheme becomes effective, it will be binding on all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

6. IRREVOCABLE UNDERTAKINGS

On 3 October 2023 and 4 October 2023, the Offeror received the Irrevocable Undertakings from (i) Mr. Chan Yip Keung and (ii) the personal representatives of the TSB Estate, respectively, who held or had control over 888,000 Shares and 9,400,000 Shares (representing approximately 0.10% and 1.04% of the total number of Shares in issue and approximately 2.77% and 29.33% of the total number of Scheme Shares in issue) as at the Latest Practicable Date, respectively, which aggregate to 10,288,000 Shares (representing approximately 1.14% of the total number of Shares in issue and 32.11% of the total number of Scheme Shares in issue) as at the Latest Practicable Date. Each of the Committed Shareholders is not, and is not presumed to be, acting in concert with (i) the Offeror and (ii) any Offeror Concert Party.

Pursuant to the Irrevocable Undertakings, each Committed Shareholder has irrevocably and unconditionally undertaken to the Offeror that, among others:

- (a) it/he shall exercise, and shall procure the exercise of, all voting rights attaching to all the Committed Shares in favour of any resolution to be proposed at any general meeting of the Company or at any meeting of holders of Shares convened by a court which is necessary to implement or otherwise relate to the Proposal (including any resolution that may impact on the fulfilment of any condition to the Proposal), and carry out all acts as are necessary for the implementation of the Proposal; and

LETTER FROM THE BOARD

- (b) it/he shall not, and shall procure that the relevant registered holder of the Committed Shares shall not:
- (i) except to give effect to the arrangements in the relevant Irrevocable Undertaking, (1) sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Committed Shares or any interest therein; or (2) enter into any agreement in respect of the voting rights or other rights attached to any of the Committed Shares;
 - (ii) except with the prior written consent of the Offeror, purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein;
 - (iii) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, acquisition, merger or other business combination made or proposed to be made in respect of any of the Committed Shares by any person other than the Offeror, or otherwise take any action or express any opinion which is or may be prejudicial to the success of the Proposal; or
 - (iv) enter into any discussion, negotiation, agreement or arrangement or incur any obligation (or permit such circumstances to occur) in relation to (1) the Committed Shares; or (2) any of the acts referred to in sub-paragraphs (i), (ii) or (iii) above, or make available any information to any person (other than the Offeror and any other person authorised by the Offeror) in connection with the foregoing.

Each of the Irrevocable Undertakings shall terminate at the time the Proposal becomes effective, lapsing or is withdrawn in circumstances permitted under the Takeovers Code.

LETTER FROM THE BOARD

7. SHAREHOLDING STRUCTURE

On the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and upon the Effective Date:

Shareholders	As at		Upon	
	the Latest Practicable Date		the Effective Date	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
	<i>(Note 1)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>
Offeror	870,836,050	96.45	902,880,000	100.0
Scheme Shareholders (including the Committed Shareholders) (Note 5)				
Committed Shareholders				
— TSB Estate	9,400,000	1.04	—	—
	<i>(Note 3)</i>			
— Mr. Chan Yip Keung	888,000	0.10	—	—
	<i>(Note 4)</i>			
Sub-total	10,288,000	1.14	—	—
Other Scheme Shareholders	21,755,950	2.41	—	—
Aggregate number of Shares held by Scheme Shareholders	32,043,950	3.55	—	—
Total number of Scheme Shares	32,043,950	3.55	—	—
Total number of Shares	902,880,000	100.00	902,880,000	100.0

Notes:

1. The shareholding percentages in the table are subject to rounding adjustment.
2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon any such reduction, the issued share capital of the Company will be simultaneously increased to its former amount by the issuance to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued.
3. These 9,400,000 Shares are held by the TSB Estate.
4. These 888,000 Shares are held by Mr. Chan Yip Keung who is an executive Director.
5. Other than Mr. Chan Yip Keung, none of the Directors held any Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

8. INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “10. Information on the Offeror” in the section headed “Explanatory Memorandum” of this Scheme Document.

9. 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 for the elderly and senior care services.

Your attention is also drawn to the “Financial Information of the Group” and “General Information” set out in Appendix I and Appendix III, respectively, to the Scheme Document.

10. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “12. Intention of the Offeror in relation to the Group” in the section headed “Explanatory Memorandum” of this Scheme Document.

The Board is pleased to note that (i) following implementation of the Proposal, the Offeror intends to work together with the Company’s management to review the structure, business and strategy of the Group and, subject to result of such review and prevailing market conditions, implement appropriate strategies to enhance the Group’s business; and (ii) as at the Latest Practicable Date, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to immediately make any major change to the business (including any redeployment of fixed assets) of the Group, or to make any material change to the employment of the Group’s employees as a result of the implementation of the Proposal.

11. PROPOSED WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled (with the equivalent number of new Shares being issued fully paid to the Offeror) and the share certificates for the Scheme Shares will be cancelled and will thereafter cease to have effect as documents or evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect after the Effective Date.

The Shareholders will be notified by way of an announcement of the exact date(s) of the last day for dealing in the Shares (if applicable) and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An expected timetable is included in the section headed “Expected Timetable” of the Scheme Document.

LETTER FROM THE BOARD

Your attention is drawn to the paragraphs headed “13. Proposed Withdrawal of Listing of the Shares” and “18. Registration and Payment” in the section headed “Explanatory Memorandum” of this Scheme Document.

12. INDEPENDENT BOARD COMMITTEE AND COMMON DIRECTORSHIPS

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee shall comprise all non-executive Directors who have no direct or indirect interest in the Proposal. Given that (i) Mr. Wong Hung Han is the sole director of the Offeror, (ii) Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For are the directors of Chime Corporation Limited, and (iii) each of the non-executive Directors (namely Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man) holds a senior management position at the Chinachem Group, the Board is of the view that each of the non-executive Directors is not regarded to be independent for the purpose of making a recommendation to the Scheme Shareholders in relation to the Proposal and the Scheme, therefore the above non-executive Directors are not appointed as members of the Independent Board Committee.

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong, has been established by the Board to advise the Scheme Shareholders in connection with the Proposal and the Scheme, and in particular as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) voting in respect of the Scheme at the Court Meeting and the General Meeting.

The full text of the letter from the Independent Board Committee is set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document.

Given (i) Mr. Wong Hung Han is the sole director of the Offeror, (ii) Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For are the directors of Chime Corporation Limited, and (iii) each of the non-executive Directors (namely Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man) holds a senior management position at the Chinachem Group, each of the above non-executive Directors is considered to be interested in the Proposal and therefore did not vote on any resolutions of the Board in relation to the Proposal or express any views or opinions on the Proposal in this Scheme Document in his/her position as a non-executive Director or on behalf of the Board.

LETTER FROM THE BOARD

13. INDEPENDENT FINANCIAL ADVISOR

Akron Corporate Finance Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of the Independent Financial Advisor has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Advisor is set out in the section headed “Letter from the Independent Financial Advisor” of this Scheme Document.

14. SCHEME SHARES, COURT MEETING AND GENERAL MEETING

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprises 902,880,000 Shares, 32,043,950 of which (representing approximately 3.55% of the total number of Shares in issue) will be regarded as Scheme Shares and subject to the Scheme;
- (b) in accordance with the Takeovers Code, vote of the Shares held by the Offeror and the Offeror Concert Parties will not be counted for the purpose of satisfying the additional requirements under Rule 2.10 of the Takeovers Code, and therefore the Offeror and the Offeror Concert Parties, who hold a total of 870,836,050 Shares as at the Latest Practicable Date, will abstain from voting at the Court Meeting. All the Shareholders (other than the Offeror and the Offeror Concert Parties) are considered as Scheme Shareholders, and are entitled to vote at the Court Meeting; and
- (c) no Shareholder is required to abstain from voting at the General Meeting and all the Shareholders are entitled to vote at the General Meeting.

The Court Meeting will be held at 10:00 a.m. on Monday, 15 January 2024 at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong, and the General Meeting will be held at the same place and on the same date as the Court Meeting at 10:30 a.m. (or, if later, immediately after the conclusion or adjournment of the Court Meeting).

For the purpose of exercising your right to vote at the Court Meeting and/or the General Meeting, you are encouraged to read carefully the paragraph headed “16. Scheme Shares, Court Meeting and General Meeting” in the section headed “Explanatory Memorandum” of this Scheme Document, the section headed “Actions to be Taken” of this Scheme Document, and the notices of the Court Meeting and the General Meeting in Appendix V and Appendix VI, respectively, to this Scheme Document.

LETTER FROM THE BOARD

15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Advisor does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

16. TAXATION AND INDEPENDENT ADVICE

It is emphasised that none of the Offeror, the Company, KPMG Corporate Finance or Rainbow Capital, the Independent Financial Advisor and the Share Registrar, nor any of their respective directors, employees, officers agents, advisors, associates or any other person involved in the Proposal, accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

Accordingly, you are encouraged to read the paragraph headed “20. Taxation and Independent Advice” in the section headed “Explanatory Memorandum” of this Scheme Document. If you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you are recommended to consult an appropriately qualified professional advisor.

17. OVERSEAS SCHEME SHAREHOLDERS

If you are an overseas Scheme Shareholders, your attention is drawn to the paragraph headed “21. Overseas Scheme Shareholders” in the section headed “Explanatory Memorandum” of this Scheme Document.

18. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Advisor to the Independent Board Committee in respect of the Proposal as set out in the section headed “Letter from the Independent Financial Advisor” of this Scheme Document.

LETTER FROM THE BOARD

Your attention is also drawn to the recommendation of the Independent Board Committee to the Scheme Shareholders in respect of the Proposal as set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document.

19. FURTHER INFORMATION

You are encouraged to read carefully (i) the sections headed “Letter from the Independent Board Committee”, “Letter from the Independent Financial Advisor” and “Explanatory Memorandum” of this Scheme Document; (ii) the appendices to this Scheme Document, including the Scheme set out in Appendix IV to this Scheme Document; (iii) the notice of Court Meeting in Appendix V to this Scheme Document; and (iv) the notice of General Meeting in Appendix VI to this Scheme Document.

In addition, a **PINK** form of proxy in respect of the Court Meeting and a **WHITE** form of proxy in respect of the General Meeting are enclosed with this Scheme Document.

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



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)

22 December 2023

To the Scheme Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
PINE CARE GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
PINE CARE GROUP LIMITED**

We refer to the scheme document dated 22 December 2023 jointly issued by the Offeror and the Company in relation to the Proposal (“**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Scheme Shareholders in respect of the Proposal and the Scheme, details of which are set out in the sections headed “Letter from the Board” and the “Explanatory Memorandum” of the Scheme Document.

Akron Corporate Finance Limited, the Independent Financial Advisor, has been appointed with our approval, to advise us in connection with the Proposal and the Scheme. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the section headed “Letter from the Independent Financial Advisor” of the Scheme Document.

In the section headed “Letter from the Independent Financial Advisor” of the Scheme Document, the Independent Financial Advisor states that it considers the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned, and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

advises the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Advisor, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Scheme Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

The Independent Board Committee draws the attention of the Scheme Shareholders to (i) the section headed “Letter from the Board” of the Scheme Document; (ii) the section headed “Letter from the Independent Financial Advisor” of the Scheme Document, which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee; and (iii) the section headed “Explanatory Memorandum” of the Scheme Document.

Yours faithfully,
the Independent Board Committee

Yuen Tak Tim
Anthony
Independent
Non-executive
Director

Lam Cheung Wai
Independent
Non-executive
Director

Wong Kam Pui
Independent
Non-executive
Director

Wong Kit Loong
Independent
Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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



22 December 2023

To: The Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
PINE CARE GROUP LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES ACT
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
PINE CARE GROUP LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Advisor to the Independent Board Committee in respect of the Proposal and the Scheme, details of which are set out in the Scheme Document dated 22 December 2023 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 Scheme Document unless the context otherwise requires.

On 4 October 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Act involving the cancellation and extinguishment of all the Scheme Shares and the simultaneous allotment and issue of an equivalent number of new Shares to the Offeror, subject to Conditions. As at the Latest Practicable Date, (i) there are 902,880,000 Shares in issue, comprising 870,836,050 Shares held by the Offeror and 32,043,950 Scheme Shares subject to the Scheme; and (ii) the Company has no other outstanding options, warrants, derivatives or securities that are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue save for the 902,880,000 issued Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong (all being independent non-executive Directors who have no direct or indirect interest in the Proposal), has been established by the Board pursuant to Rule 2.8 of the Takeovers Code to advise the Scheme Shareholders in connection with the Proposal and the Scheme, and in particular as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) voting in respect of the Scheme at the Court Meeting and the General Meeting, in compliance with Rule 2.1 of the Takeovers Code.

Given that (i) Mr. Wong Hung Han is the sole director of the Offeror, (ii) Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For are the directors of Chime Corporation Limited, and (iii) each of the non-executive Directors (namely Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man) holds a senior management position at the Chinachem Group, the Board is of the view that each of the non-executive Directors is not regarded to be independent for the purpose of making a recommendation to the Scheme Shareholders in relation to the Proposal and the Scheme, therefore the above non-executive Directors are not appointed as members of the Independent Board Committee.

We, Akron Corporate Finance Limited, have been appointed as the Independent Financial Advisor 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 Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

OUR INDEPENDENCE

We were appointed as the independent financial advisor to advise the then independent board committee of the Company in respect of the Mandatory General Offers (the “**Past Appointment**”). As at the Latest Practicable Date, apart from the Past Appointment and the existing engagement in connection with the Proposal and the Scheme, we (i) are not in the same group as the financial or other professional adviser (including the stockbroker) to the Offeror and the Company; and (ii) 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 and their respective controlling shareholders 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 Scheme 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 Scheme 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

continue to be so up to the Latest Practicable Date. The Scheme Shareholders will be notified of any material changes to such statements, information, facts, representations and/or opinions (including those as contained in this letter) as soon as practicable up to the Effective Date 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 Scheme 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, including (but not limited to) (i) the Scheme Document; (ii) the financial information of the Company for the years ended 31 March 2020, 2021, 2022 and 2023 (the “**FY2020**”, “**FY2021**”, “**FY2022**” and “**FY2023**”, respectively) as disclosed in the annual reports of the Company for FY2021, FY2022 and FY2023 (the “**Annual Report 2021**”, the “**Annual Report 2022**” and the “**Annual Report 2023**”, collectively, the “**Annual Reports**”), and for the six months ended 30 September 2022 and 2023 as disclosed in the interim report of the Company for the six months ended 30 September 2023 (the “**Interim Report 2023**”); (iii) the past trading performance of the Shares; (iv) the information and representations provided by and our discussions with CBRE Advisory Hong Kong Limited (the “**Valuer**”), an independent valuer appointed by the Company, in respect of the bases and assumptions and methodology adopted by them under their valuation of the property interests of the Group as at 30 September 2023, the full text of which has been set out in Appendix II to the Scheme Document; and (v) certain Comparable Companies and Privatisation Precedents (both defined hereinafter), to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Scheme 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 Scheme Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Scheme Document (other than the information relating to the Offeror and the Offeror Concert Parties). The sole director of the Offeror together with the directors of Chime Corporation Limited have declared in a responsibility statement set out in Appendix III to the Scheme Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Scheme Document (other than that relating to the Group).

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 and regulatory implications on the Scheme Shareholders as a result of the Proposal, if implemented, as these are particular to their individual circumstances. It is emphasised that we will not take any responsibility for any taxation effects on, or liabilities of, any persons resulting from his or her acceptance or non-acceptance of the Proposal. In particular, the Scheme Shareholders who are residents

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outside Hong Kong or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

This letter is issued for the Independent Board Committee solely in respect of the Proposal and the Scheme and, except for its inclusion in the Scheme 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.

THE PROPOSAL

On 4 October 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Act, subject to the Conditions, details of which are set out in the Explanatory Memorandum of the Scheme Document. As at the Latest Practicable Date, among the 902,880,000 Shares in issue, there are 32,043,950 Scheme Shares subject to the Scheme. On the assumption that no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required for the Offeror to effect the Proposal in full is HK\$28,519,115.50. The Offeror intends to finance the cash requirement for the Proposal through its internal cash resources.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price of HK\$0.89 in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

The Scheme Shareholders should note that the Cancellation Price, being HK\$0.89 per Scheme Share, will not be increased and the Offeror did not reserve the right to do so. The Scheme Shareholders are advised to read carefully the relevant sections of the Scheme Document and its appendices in full for details of the principal terms of the Proposal.

The Offeror reserves the right to waive all or any of the Conditions, either in whole or in respect of any particular matter, except for the Conditions (a) to (d) stated in the section headed “5. Conditions to the Proposal” in the Explanatory Memorandum. All of the Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop

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Date, otherwise the Proposal will lapse and the Scheme will not become effective. If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

IRREVOCABLE UNDERTAKINGS

On 3 October 2023 and 4 October 2023, the Offeror received the Irrevocable Undertakings from the Committed Shareholders, comprising (i) Mr. Chan Yip Keung and (ii) the personal representatives of the TSB Estate, respectively, who held or had control over an aggregate of 10,288,000 Shares (representing approximately 1.14% of the total number of Shares in issue and 32.11% of the total number of Scheme Shares in issue), as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings, each Committed Shareholder has irrevocably and unconditionally undertaken to the Offeror that, among others:

- (a) it/he shall exercise, and shall procure the exercise of, all voting rights attaching to all the Committed Shares in favour of any resolution to be proposed at any general meeting of the Company or at any meeting of holders of Shares convened by a court which is necessary to implement or otherwise relate to the Proposal (including any resolution that may impact on the fulfilment of any condition to the Proposal), and carry out all acts as are necessary for the implementation of the Proposal; and
- (b) it/he shall not, and shall procure that the relevant registered holder of the Committed Shares shall not:
 - (i) except to give effect to the arrangements in the relevant Irrevocable Undertaking, (1) sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Committed Shares or any interest therein; or (2) enter into any agreement in respect of the voting rights or other rights attached to any of the Committed Shares;
 - (ii) except with the prior written consent of the Offeror, purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein;

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- (iii) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, acquisition, merger or other business combination made or proposed to be made in respect of any of the Committed Shares by any person other than the Offeror, or otherwise take any action or express any opinion which is or may be prejudicial to the success of the Proposal; or
- (iv) enter into any discussion, negotiation, agreement or arrangement or incur any obligation (or permit such circumstances to occur) in relation to (1) the Committed Shares; or (2) any of the acts referred to in sub-paragraphs (i), (ii) or (iii) above, or make available any information to any person (other than the Offeror and any other person authorised by the Offeror) in connection with the foregoing.

Each of the Irrevocable Undertakings shall terminate at the time the Proposal becomes effective, lapsing or is withdrawn in circumstances permitted under the Takeovers Code.

For details of the Irrevocable Undertakings, please refer to the section headed “6. Irrevocable Undertakings” in the Explanatory Memorandum.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee in respect of the Proposal and the Scheme, we have taken into consideration the following factors and reasons:

1. Information of the Group

(a) 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 for the elderly and senior care services. The Company runs its business via two segments: (i) rendering 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.

The Group’s rendering of senior care services has accounted for the majority of its revenue, contributing over 85% of the total revenue during the Financial Review Period (as defined below). The Group currently has a network of 12 residential care homes for the elderly (the “**RCHEs**”, each a “**RCHE**”) in Hong Kong, which in total, provides 1,632 residential care places. The 12 RCHEs operated by the Group can be classified into

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three major categories, namely (i) the mass market segment, (ii) the upscale segment, and (iii) the contract home segment. Based on the information provided by the Management, details of each of the RCHEs operated by the Group as at the Latest Practicable Date are tabulated below:

RCHEs ^(Note 1)	Location	Owned/rented	Total residential care places
<i>Mass market segment</i>			
Pine Care (Tak Fung) Elderly Centre	Shops 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	Portion of G/F, and 1/F, Elly House, 36 Tung Ming Street, Kwun Tong, Kowloon, Hong Kong	Owned	70
Pine Care (Manning) Elderly Centre	G/F to 3/F, 1 Koon Wah Lane, 68 to 72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong	Owned	143
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 Centre	Shop 101 to 108, 1/F, Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon, Hong Kong	Rented	50

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RCHEs^(Note 1)	Location	Owned/rented	Total residential care places
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 on G/F, and 1/F to 3/F, Maintown Plaza, 223 to 239 Nam Cheong Street, Kowloon, Hong Kong	Owned	103
Pine Residence	Lobby on G/F and the front (or southern) portions of 1/F, 2/F and 3/F of 1 Leighton Road, Causeway Bay, Hong Kong	Rented	188
<i>Contract home segment</i>			
Pine Care Jade Maison <i>(Note 2)</i>	4/F (Portion), Kwu Tung North Multi-welfare Services Complex, 6 Pak Sau Road, North, New Territories	N/A <i>(Note 3)</i>	250 <i>(Note 2)</i>

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Note:

- (1) Patina Wellness Limited and its subsidiaries (“**Patina Wellness**”) (being a joint venture of the Group) ceased operation during FY2023 due to termination of its tenancy agreement. As such, the serviced apartments and the RCHE operated by Patina Wellness were not included in the above table.
- (2) As disclosed in the Interim Report 2023, Pine Care Jade Maison, the first contract home operated by the Group with a total floor area of approximately 43,000 square feet, has become operational in October 2023, offering 150 government-subsidised and 100 non-subsidised residential places to offer continuous care services for the elderly who are rated as suitable for residential care services under the Standardised Care Need Assessment Mechanism for Elderly Services implemented by the Social Welfare Department of the Hong Kong Government (the “**Social Welfare Department**”).
- (3) Under the awarded tender from the Social Welfare Department, the Group (as an operator) is required to pay to the Financial Secretary Incorporated a nominal rent of HK\$1 per annum, if demanded, for occupying the premises.

(b) Financial information of the Group

A summary of the financial information of the Group for each of FY2020, FY2021, FY2022 and FY2023 as well as the six months ended 30 September 2022 and 2023 (collectively, the “**Financial Review Period**”), as extracted from the Annual Reports and the Interim Report 2023, is tabulated below:

(i) Financial results of the Group

	For the six months ended 30 September					
	2023	2022	FY2023	FY2022	FY2021	FY2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	151,730	130,345	265,269	267,749	245,706	217,363
Operating expenses ^(Note)	(153,242)	(119,522)	(251,102)	(246,834)	(205,120)	(195,630)
Profit/(loss) before tax	(21,363)	(10,974)	(24,695)	(17,668)	10,682	17,122
Profit/(loss) for the year/ period	(23,586)	(12,767)	(27,781)	(23,989)	3,214	13,576
Profit/(loss) for the year/ period attributable to owners of the parent	(23,586)	(12,767)	(27,781)	(20,633)	5,860	13,584

Note: In general, the operating expenses include amortisation, depreciation, staff costs, multidisciplinary fees and related expenses, property rental and related expenses, food and beverage costs, utility expenses, supplies and consumables, repair and maintenance, hygienic and cleaning expenses and other operating expenses. The staff costs and multidisciplinary fees and related expenses are the manpower costs of the Group. The staff costs refer to the gross staff costs less government grants (including grants of Employment Support Scheme of the Hong Kong Government (the “**Employment Support Scheme**”) and other grants from the Hong Kong Government). The multidisciplinary fees and related expenses mainly consist of (i) medical and professional fees incurred for engaging external visiting medical officers, dietitians and pharmacists; and (ii) additional manpower of

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physiotherapists, care workers and health workers recruited through employment agencies. Other operating expenses generally include legal and professional fees, insurance expenses, advertising and marketing expenses, corporate expenses and various operating expenses.

FY2021

The Group recorded an increase in the revenue in FY2021 by approximately HK\$28.3 million, or approximately 13.0%, from approximately HK\$217.4 million in FY2020 to approximately HK\$245.7 million in FY2021. As disclosed in the Annual Report 2021, the average occupancy of the RCHEs in the mass market segment increased from approximately 93.6% in FY2020 to approximately 94.0% in FY2021, and the revenue 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 the New Territories, from approximately 38.2% as at 31 March 2020 to approximately 80.9% as at 31 March 2021, and (iii) the full year operation of Pine Care Point, being the Group's newly operated upscale RCHE located in Kowloon since FY2020. We understand from the Management that the surge in the occupancy rate of Pine Care Place was mainly attributable to (i) the Pine Care Place's participation in the Enhanced Bought Place Scheme of the Social Welfare Department, pursuant to which the Social Welfare Department had purchased 18 out of the total of 68 residential care places from Pine Care Place (representing approximately 26.5% of the total capacity) since June 2020; and (ii) the word-of-mouth referrals from the existing residents with positive feedback on their accommodation experience with Pine Care Place.

The operating expenses of the Group increased by approximately HK\$9.5 million, or approximately 4.9%, from approximately HK\$195.6 million in FY2020 to approximately HK\$205.1 million in FY2021. We note from the Annual Report 2021 that such increase was primarily attributable to the net effect of (i) the increase in the depreciation charges for the Group's property, plant and equipment by approximately HK\$23.2 million, and (ii) the decrease in the staff costs primarily contributed by the subsidies of approximately HK\$16.3 million under the Employment Support Scheme, which was partially offset by the increased manpower due to the commencement of operation of Pine Care Point. We further understand from the Management that the increase in the depreciation charges as mentioned above was primarily due to (i) the increase in the depreciation charge for Pine Care Point (as a result of full year depreciation impact upon commencement of its operation in FY2020), and (ii) the depreciation charge incurred for Zhejiang Pine Care Yada Elderly Services Limited ("**Yada PRC**") upon commencement of its operation in Wuzhen, Zhejiang Province, the PRC in FY2021 (whereas nil in FY2020 as the depreciation charge would only be incurred upon commencement of operation).

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The Group recorded (i) a decrease in the profit before tax by approximately HK\$6.4 million, or approximately 37.6%, from approximately HK\$17.1 million in FY2020 to approximately HK\$10.7 million in FY2021, and (ii) a decrease in the profit for the year attributable to owners of the parent by approximately HK\$7.7 million, or approximately 56.9%, 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 being offset by the incremental depreciation and finance costs upon commencement of the operation of Pine Care Point, and (ii) the increase in the share of loss of the joint venture of the Group, namely Patina Wellness located in Kowloon City by approximately HK\$15.5 million, which the Group attributed the performance to the effect of the COVID-19 situation at its early stage of operation. We understand from the Management that Patina Wellness recorded an increase in the revenue by approximately HK\$12.0 million upon full operation in FY2021 (whereas its operation was under soft opening throughout FY2020). Despite the increase in the revenue, the loss for the year of Patina Wellness increased by approximately HK\$23.6 million in FY2021, which was primarily owing to (i) the depreciation charge of approximately HK\$10.7 million recognised in FY2021 owing to the depreciation recognition upon full operation (whereas nil in FY2020); and (ii) the increase in the property rental and related expenses by approximately HK\$13.3 million (as a result of the full recognition of property rental and related expenses upon full operation).

FY2022

The Group recorded an increase in the revenue in FY2022 by approximately HK\$22.0 million, or approximately 9.0%, from approximately HK\$245.7 million in FY2021 to approximately HK\$267.7 million in FY2022. We note from the Annual Report 2022 that, despite a slight drop in the average occupancy rate of the RCHEs in the mass market segment, from approximately 94.0% in FY2021 to approximately 92.7% in FY2022, such increase in the revenue was primarily due to the increase in the revenue by approximately HK\$16.2 million contributed by its two upscale RCHEs (namely Pine Care Place and Pine Care Point) recording double digit increment in their occupancy rates. We understand from the Management that the growth in the average occupancy rates of Pine Care Place (from approximately 67.3% in FY2021 to approximately 84.9% in FY2022) and Pine Care Point (from approximately 24.2% in FY2021 to approximately 43.4% in FY2022) was mainly attributable to the intensified marketing efforts of the Group during FY2022, including (i) actively participating in conferences and events with healthcare related industry peers involving provision of services to the elderly (such as hospital, clinics and insurance companies) as well as engaging in extensive communication with these institutes to boost the brand awareness of the Group's upscale RCHEs; and (ii) more efforts in arranging introduction tours for the prospective residents.

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The operating expenses of the Group increased significantly by approximately HK\$41.7 million, or approximately 20.3%, from approximately HK\$205.1 million in FY2021 to approximately HK\$246.8 million in FY2022. We note from the Annual Report 2022 that such increase was primarily attributable to (i) the increase in the staff costs by approximately HK\$29.5 million primarily attributable to the growth in revenue and the absence of the non-recurring subsidies under the Employment Support Scheme of approximately HK\$16.3 million, (ii) the increase in the multidisciplinary fees and related expenses by approximately HK\$5.1 million primarily due to the enhancement of the nursing and rehabilitation team with more specialists and professional workforce engaged through employment agencies, and (iii) the increase in other operating expenses by approximately HK\$5.5 million. Such increase in other operating expense was mainly due to (i) the share options expenses of approximately HK\$1.0 million (whereas nil in FY2021); (ii) higher legal and professional fee by approximately HK\$1.7 million incurred for audit and various non-recurring transactions in FY2022; and (iii) higher other operating expenses and marketing expenses by approximately HK\$1.6 million and HK\$0.4 million respectively driven by growth in revenue.

In FY2022, the Group experienced a setback from profit-making to loss-making, despite a moderate revenue growth in its upscale RCHEs. It registered (i) a 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) a loss for the year attributable to owners of the parent 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\$5.9 million in FY2021. We note from the Annual Report 2022 that the loss was primarily attributable to the combined effect of (i) the absence of the non-recurring subsidies under the Employment Support Scheme of approximately HK\$16.3 million as mentioned above, (ii) the impairment of amount due from Patina Wellness and other provisions of approximately HK\$11.8 million in FY2022 (whereas nil in FY2021), (iii) the impairment of assets in relation to the operation of the RCHE operated by Yada PRC in the PRC of approximately HK\$5.8 million in FY2022 (whereas nil in FY2021), and (iv) the non-cash share option expenses in relation to share options granted by the Company of approximately HK\$3.3 million in FY2022 (whereas nil in FY2021).

FY2023

The revenue of the Group of approximately HK\$265.3 million in FY2023 remained on par with FY2022's approximately HK\$267.7 million. As disclosed in the Annual Report 2023, the decrease in the revenue from the Group's RCHEs in the mass market segment with further drop in its average occupancy rate (from approximately 92.7% in FY2022 to approximately 88.9% in FY2023) as a result of the adverse impact of the COVID-19 pandemic, was partially offset by the satisfactory growth in the revenue and the occupancy rate of Pine Care Point. We understand from the Management that, despite the unfavourable

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impact brought forward by the fifth wave of COVID-19, the growth in the average occupancy rate of Pine Care Point from approximately 43.4% in FY2022 to approximately 66.0% in FY2023 was mainly attributable to (i) the subsequent relaxation of visiting arrangement of RCHEs and residents' group outings by the Hong Kong Government since November 2022, along with the gradual resumption of social activities in Hong Kong during FY2023; (ii) a number of residents of Patina Wellness having relocated to Pine Care Point due to the cessation of operation of Patina Wellness during FY2023; and (iii) continuous marketing efforts of the Group during FY2023 including close communication with healthcare related industry peers and the introduction tours for the prospective residents. On the other hand, the occupancy of Pine Care Place has stabilized at the level of 80% for FY2023.

The operating expenses of the Group increased modestly by approximately HK\$4.3 million, or approximately 1.7%, from approximately HK\$246.8 million in FY2022 to approximately HK\$251.1 million in FY2023. Despite the slight decline in the revenue of the Group by approximately HK\$2.5 million, we note from the Annual Report 2023 that such increase in operating expenses was primarily attributable to the net effect of (i) the increase in the depreciation charges for the Group's property, plant and equipment (incurred regardless of the level of revenue) by approximately HK\$6.5 million, mainly due to the depreciation of right-of-use assets of Pine Residence which commenced operation in FY2023 (whereas nil in FY2022 as the depreciation charge would only be incurred upon commencement of operation), and (ii) the decrease in the staff costs primarily contributed by the subsidies of approximately HK\$7.9 million under the Employment Support Scheme, which was partially offset by the increase in the gross staff costs by approximately HK\$4.7 million mainly attributable to general salary increment as a result of the tight manpower situation in the healthcare industry during FY2023.

The Group recorded an increase in (i) the loss before tax by approximately HK\$7.0 million, or approximately 39.8%, from approximately HK\$17.7 million in FY2022 to approximately HK\$24.7 million in FY2023, and (ii) the loss for the year attributable to owners of the parent by approximately HK\$7.1 million, or approximately 34.6%, from approximately HK\$20.6 million in FY2022 to approximately HK\$27.8 million in FY2023. We were made aware from the Annual Report 2023 that such deteriorating results were primarily attributable to the net effect of (i) the increase in the finance costs of approximately HK\$12.2 million due to the surge in interest rates in FY2023, (ii) the non-recurring fair value loss on financial assets of approximately HK\$15.2 million recognised in FY2023 (whereas there was no such loss recorded in FY2022), (iii) the non-recurring subsidies of approximately HK\$7.9 million under the Employment Support Scheme as mentioned above, and (iv) the absence of share of loss of Patina Wellness in FY2023 amounting to approximately HK\$13.3 million in FY2022.

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Six months ended 30 September 2023

The Group recorded an increase in the revenue by approximately HK\$21.4 million, or approximately 16.4%, from approximately HK\$130.3 million for the six months ended 30 September 2022 to approximately HK\$151.7 million for the six months ended 30 September 2023. We note from the Interim Report 2023 that such increase in the revenue was primarily attributable to the growth in the revenue and the occupancy rate of the upscale RCHEs of the Group, particularly Pine Residence which has become operational since December 2022. We understand from the Management that Pine Residence recorded revenue of approximately HK\$10.3 million during the six months ended 30 September 2023. As for Pine Care Place and Pine Care Point, the growth in the average occupancy rate from approximately 68.0% for the six months ended 30 September 2022 to approximately 78.0% for the six months ended 30 September 2023 was mainly due to (i) the social and economic activities resuming to full normalcy in Hong Kong with the local COVID-19 pandemic situation continuing to subside during the six months ended 30 September 2023; and (ii) the continuous efforts placed by the management and operation team of the Group in boosting the brand awareness within the targeted upscale market.

The operating expenses of the Group increased significantly by approximately HK\$33.7 million, or approximately 28.2%, from approximately HK\$119.5 million for the six months ended 30 September 2022 to approximately HK\$153.2 million for the six months ended 30 September 2023. We note from the Interim Report 2023 that such increase in the operating expenses was primarily attributable to the combined effect of (i) the increase in the depreciation charges for the Group's property, plant and equipment by approximately HK\$18.5 million mainly due to the depreciation of right-of-use assets and leasehold improvements of Pine Residence which has become operational in December 2022 (whereas nil for the six months ended 30 September 2022), and (ii) the increase in the manpower costs (including staff costs and the multidisciplinary fees and related expenses) by approximately HK\$13.9 million. The increase in the manpower costs of the Group was mainly due to the net effect of (i) the commencement of operation of Pine Residence, (ii) the absence of the non-recurring subsidies under the Employment Support Scheme for the six months ended 30 September 2023 (which amounted to approximately HK\$4.1 million for the six months ended 30 September 2022), (iii) the general salary increment and addition of manpower recruited through employment agencies as a result of the tight manpower situation in the healthcare industry during the six months ended 30 September 2023, and (iv) the absence of the non-cash share option expenses in relation to the share options granted by the Company for the six months ended 30 September 2023 (which amounted to approximately HK\$1.8 million for the six months ended 30 September 2022).

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The Group recorded an increase in (i) the loss before tax by approximately HK\$10.4 million, or approximately 94.7%, from approximately HK\$11.0 million for the six months ended 30 September 2022 to approximately HK\$21.4 million for the six months ended 30 September 2023, and (ii) the loss for the period attributable to owners of the parent by approximately HK\$10.8 million, or approximately 84.7%, from approximately HK\$12.8 million for the six months ended 30 September 2022 to approximately HK\$23.6 million for the six months ended 30 September 2023. Such increase in the losses were primarily attributable to the net effect of (i) the revenue growth attained by the Group for the six months ended 30 September 2023 being offset by the increase in the operating expenses as mentioned above, (ii) the increase in the finance costs by approximately HK\$16.8 million due to the surge in interest rates, (iii) the fair value gain on financial assets at fair value through profit or loss of approximately HK\$1.7 million recognised on the Group's investment in listed securities during the six months ended 30 September 2023, as compared to the fair value loss on financial assets at fair value through profit or loss of approximately HK\$15.5 million recognised in respect of the Group's investment in unlisted equity securities during the six months ended 30 September 2022, and (iv) the absence of the impairment on amount due from Patina Wellness for the six months ended 30 September 2023, as compared to the recognition of an impairment on the entire amount due from Patina Wellness of approximately HK\$5.4 million for the six months ended 30 September 2022 as the Group considered the possibility of recovering such amount to be remote given the execution of a deed of termination in July 2022 to terminate the tenancy agreement of Patina Wellness leading to the subsequent cessation of its operation of both the RCHE and the serviced apartments in August 2022 and December 2022, respectively. With no additional advance made to Patina Wellness upon the recognition of the aforesaid impairment during the six months ended 30 September 2022, nil impairment was recognised for the six months ended 30 September 2023.

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(ii) *Financial positions of the Group*

A summary of the consolidated statement of financial position of the Group as at 31 March 2020, 2021, 2022 and 2023 and 30 September 2023, as extracted from the Annual Reports and the Interim Report 2023, is tabulated below:

	As at 30 September 2023 <i>HK\$'000</i> <i>(unaudited)</i>	As at 31 March 2023 <i>HK\$'000</i> <i>(audited)</i>	As at 31 March 2022 <i>HK\$'000</i> <i>(audited)</i>	As at 31 March 2021 <i>HK\$'000</i> <i>(audited)</i>	As at 31 March 2020 <i>HK\$'000</i> <i>(audited)</i>
<i>Total assets</i>					
Property, plant and equipment	957,845	997,786	931,190	772,663	819,278
Intangible assets	1,078	1,481	2,287	3,093	6,185
Investment in a joint venture	—	—	—	5,565	21,403
Prepayments, deposits and other receivables	25,261	21,746	17,545	22,800	9,738
Goodwill	33,833	33,833	33,833	33,833	33,833
Investment in insurance contract	3,559	3,488	3,371	3,261	3,143
Financial assets at fair value through profit or loss	8,594	9,710	24,937	—	—
Deferred tax assets	6,477	5,812	4,621	6,222	6,200
Due from a joint venture	—	—	4,376	21,976	8,921
Trade receivables	7,875	10,057	7,762	6,708	5,521
Tax recoverable	1,287	952	1,051	1,226	1,389
Cash and cash equivalents	28,510	23,399	29,083	49,687	27,767
Assets held for sales	—	—	28,854	—	—
Total assets	<u>1,074,319</u>	<u>1,108,264</u>	<u>1,088,910</u>	<u>927,034</u>	<u>943,378</u>

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	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)	As at 31 March 2022 HK\$'000 (audited)	As at 31 March 2021 HK\$'000 (audited)	As at 31 March 2020 HK\$'000 (audited)
<i>Total liabilities</i>					
Interest-bearing bank borrowings	598,380	589,579	583,607	602,935	599,251
Lease liabilities	272,176	291,235	233,005	76,080	91,694
Trade payables	2,866	3,088	1,272	2,426	2,029
Other payables and accruals	30,968	28,363	35,048	21,036	24,021
Deferred tax liabilities	10,783	11,408	12,420	13,240	14,211
Tax payable	2,144	4,003	7,024	7,130	5,521
Liabilities directly associated with assets held for sale	—	—	33,049	—	—
Loan from a fellow subsidiary	20,000	20,000	—	—	—
	<u>937,317</u>	<u>947,676</u>	<u>905,425</u>	<u>722,847</u>	<u>736,727</u>
Total liabilities					
Net assets	<u>137,002</u>	<u>160,588</u>	<u>183,485</u>	<u>204,187</u>	<u>206,651</u>
Equity attributable to owners of the parent	<u>137,002</u>	<u>160,588</u>	<u>182,880</u>	<u>200,209</u>	<u>200,253</u>

As depicted in the table above, the property, plant and equipment constituted the largest component of the total assets of the Group, accounting for approximately 83.3% to 90.0% of the total assets throughout the Financial Review Period. We further note from the Annual Reports that over 70% of the property, plant and equipment of the Group were attributable to the right-of-use assets, whereas less than 30% were attributable to the owned assets. On the other hand, the interest-bearing bank borrowings and the lease liabilities constituted the two largest components of the total liabilities of the Group, accounting for approximately 62.2% to 83.4% and approximately 10.5% to 30.7%, respectively, of the total liabilities throughout the Financial Review Period.

As at 31 March 2021

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

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Total liabilities of the Group remained at a comparable 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 of approximately HK\$204.2 million as at 31 March 2021 did not show a significant movement as 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 meager decrease in the net assets, or the equity, attributable to owners of the parent was primarily owing to the fact that the amount of the final dividend of approximately HK\$6.1 million being paid in total was higher than the amount of the profit for the year attributable to owners of the parent of approximately HK\$5.9 million.

As at 31 March 2022

Total assets of the Group increased by approximately HK\$161.9 million, or 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 understand from the Annual Report 2022 that the increase in the 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, or 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, which was primarily attributable to the increase in the carrying amount of lease liabilities. 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 increase in the carrying amount of lease liabilities was mainly attributable to the new leases entered in FY2022.

Net assets of the Group decreased by approximately HK\$20.7 million, or 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 was primarily attributable to the loss for the year recorded in FY2022.

As at 31 March 2023

Total assets of the Group remained at a comparable level at approximately HK\$1,108.3 million as at 31 March 2023, compared to approximately HK\$1,088.9 million as at 31 March 2022.

Total liabilities of the Group increased by approximately HK\$42.3 million, or approximately 4.7%, from approximately HK\$905.4 million as at 31 March 2022 to approximately HK\$947.7 million as at 31 March 2023. We note from the Annual Report 2023 that such increase was primarily attributable to the net

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effect of (i) the increase in the carrying amount of lease liabilities by approximately HK\$58.2 million primarily due to the renewal of certain lease agreements, (ii) the loan from a fellow subsidiary of HK\$20 million which was outstanding as at 31 March 2023 (whereas nil as at 31 March 2022), and (iii) the absence of the liabilities directly associated with assets held for sale as at 31 March 2023 (which amounted to approximately HK\$33.0 million as at 31 March 2022) upon completion of the disposal of Yada PRC which took place in April 2022.

Net assets of the Group decreased by approximately HK\$22.9 million, or approximately 12.5%, from approximately HK\$183.5 million as at 31 March 2022 to approximately HK\$160.6 million as at 31 March 2023. Based on the consolidated statement of changes in equity enclosed in the Annual Report 2023, the decrease in net assets, or the equity, attributable to owners of the parent was primarily attributable to the loss for the year recorded in FY2023.

As at 30 September 2023

Total assets of the Group decreased by approximately HK\$33.9 million, or approximately 3.1%, from approximately HK\$1,108.3 million as at 31 March 2023 to approximately HK\$1,074.3 million as at 30 September 2023, primarily attributable to the decrease in the carrying amount of property, plant and equipment by approximately HK\$39.9 million. We understand from the Management that such decrease was primarily due to the depreciation recognised during the six months ended 30 September 2023.

Total liabilities of the Group remained at a comparable level at approximately HK\$937.3 million as at 30 September 2023, compared to approximately HK\$947.7 million as at 31 March 2023.

Net assets of the Group decreased by approximately HK\$23.6 million, or approximately 14.7%, from approximately HK\$160.6 million as at 31 March 2023 to approximately HK\$137.0 million as at 30 September 2023. The decrease in net assets, or the equity, attributable to owners of the parent was attributable to the loss for the period recorded during the six months ended 30 September 2023.

(c) Prospects and outlook of the Group

We are given to understand that, amid the challenges posed by the COVID-19 pandemic, the Group's RCHEs in the mass market segment consistently demonstrated high average occupancy rate at approximately 93.6%, 94.0%, 92.7% and 88.9% in FY2020, FY2021, FY2022 and FY2023, respectively. On the other hand, the occupancy in Pine Care Place and Pine Care Point has experienced significant improvement during FY2021, FY2022 and FY2023, despite the continuous unfavourable impact brought forward by the COVID-19 situation. In brief, the improvement was primarily attributable to a number of factors including but not limited to the Pine Care Place's participation in the Enhanced Bought Place Scheme of the Social Welfare Department, word-of-mouth referrals from the

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existing residents with positive feedback, the intensified marketing efforts of the Group, the relocation of residents from Patina Wellness to Pine Care Point as well as subsequent relaxation of visiting arrangement of RCHEs and residents' group outings along with the gradual resumption of social activities in Hong Kong during FY2023. With the above combined effects of the respective occupancy rate of the Group's RCHEs in the mass market segment and the upscale RCHEs, the Group exhibited resilient revenue performance during the Financial Review Period, with the total revenue increasing from approximately HK\$217.4 million in FY2020 to approximately HK\$245.7 million in FY2021, and further to approximately HK\$267.7 million and HK\$265.3 million in FY2022 and FY2023 respectively.

Excluding the effect of non-recurring adjustments and the adoption of Hong Kong Financial Reporting Standard ("HKFRS") 16 Leases, the Group's ratio of the Core EBITDA¹ to the total revenue experienced a slight decline during the Financial Review Period, from its peak at approximately 21.9% in FY2021 to approximately 20.1% in FY2022 and further to approximately 18.0% in FY2023. As disclosed in the Annual Report 2023, the decrease in such ratio in FY2023 was mainly attributable to the operating loss of Pine Residence during its initial ramp up period.

(i) Overview on the elderly care industry in Hong Kong

The overall demand for long term care services is driven by the ageing population in Hong Kong, as 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 of the Hong Kong Government (the "CSD") as the number of persons aged 65 and over per 1,000 persons aged between 15 and 64), during the Financial Review Period. According to the latest statistics released by the CSD, the population of the elderly increased from approximately 1,360,000 persons (representing approximately 18.1% of the total population) in 2019 to approximately 1,595,000 persons (representing approximately 21.3% of the total population) in 2022, representing a compound annual growth rate ("CAGR") of approximately 5.5%; while the elderly dependency ratio increased from approximately 249 in 2019 to approximately 303 in 2022, representing a CAGR of approximately 6.8%. Furthermore, with reference to the "Hong Kong Population Projections 2022–2046"² dated 15 August 2023 published by the CSD, the elderly dependency ratio is projected to increase from 282 at mid-2021 (as base year) to 369 at mid-2026, and further to 441 at mid-2031.

¹ The Core EBITDA is defined in the Annual Report 2023 as the earnings before interest, tax, depreciation and amortisation before share of depreciation and interest of a joint venture, other income and gains, government grant for Employment Support Scheme, change in fair value of financial assets at fair value through profit or loss, impairment of assets in relation to the operation of RCHE operated by Yada PRC (which was a non wholly-owned subsidiary of the Group immediately prior to completion of the disposal in April 2022) in the PRC, impairment of amount due from a joint venture, non-recurring legal and professional fee, share option expenses and release of exchange reserve upon disposal of a subsidiary, excluding the effect of adoption of HKFRS 16 on property rental and related expenses.

² Please refer to the website of the CSD at <https://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1120015&scode=190>

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According to the “Annual Service Provision and Statistics — Residential Care Services”³ published by the Social Welfare Department, we understand that the capacity of subsidised and non-subsidised residential services for the elderly in Hong Kong amounted to 32,496 and 46,212, respectively, as at 30 September 2023; meanwhile, as at 30 November 2023, there were a total of 17,002 applicants being waitlisted 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 8 months for care and attention places, and 11 months for nursing home places.

Based on the foregoing, the demand for the elderly care services is expected to remain strong in both the short-term and the long-term.

(ii) Operational challenges due to the labour shortage

The manpower costs (including staff costs and multidisciplinary fees and related expenses) were the largest component of the Group’s operating expenses, representing approximately 40.1% to 51.4% of the total revenue of the Group during the Financial Review Period. The Group’s performance and profitability are therefore contingent on its ability to secure and retain competent and experienced elderly care workers amidst the shortage of care workers in the residential care homes sector, and at the same time, effectively control the staff costs. We further note from the Annual Report 2023 that the gross staff costs, before netting off with government grants, increased by approximately 3.7% from approximately HK\$130.0 million in FY2022 to approximately HK\$134.7 million in FY2023, primarily attributable to general salary increment as a result of the tight manpower situation in the healthcare industry during FY2023.

According to the blog post⁴ of the Labour and Welfare Bureau of the Hong Kong Government (the “LWB”) dated 3 April 2022, 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. Besides, the Residential Care Homes Legislation (Miscellaneous Amendments) Ordinance 2023, which was gazetted in June 2023, raised the minimum statutory staffing requirements on care workers of residential care homes. The relevant applicable statutory requirements will come into effect in June 2024 and are expected to intensify the problem of the shortage of care workers. To cope with the additional manpower requirement and to assist the residential care homes sector in enhancing service quality, the LWB launched the Special Scheme to Import Care Workers for Residential Care Homes (the “**Special Scheme**”) in June 2023 with the total quota number for importation of care workers approved for this sector increasing from 4,000 to 7,000, i.e. additional 3,000 imported care workers. The Special Scheme is believed to alleviate the operational challenges faced by the residential care homes sector arising from the acute shortage of care workers in the immediate term; nevertheless, its effectiveness in catering for the rising demand for care workers, as driven by both the aging population and the enhanced staffing requirements, remains uncertain.

³ Please refer to the website of the Social Welfare Department at https://www.swd.gov.hk/en/pubsvc/elderly/elderly_info/elderly_ah_sps/elderlysp/rcse/

⁴ Please refer to the website of the LWB at https://www.lwb.gov.hk/tc/blog/post_03042022.html

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(iii) Challenging financial landscape at the juncture of high-interest rate cycle

We note from the Annual Reports and the Interim Report 2023 that the Group has been placing great reliance on borrowings as a source of financing to support its business operations during the Financial Review Period, as indicated by its high gearing ratio⁵ of approximately 2.8 times, 2.7 times, 3.0 times, 3.7 times and 4.3 times as at 31 March 2020, 2021, 2022 and 2023 and 30 September 2023, respectively. It is observed that the gearing ratio of the Company as at 30 September 2023 is higher than the gearing ratios⁵ of the Comparable Companies (as defined under the paragraph headed “7. Peer group comparison” in this letter) ranging from nil to 0.1 times⁶.

In FY2023, being a year marked by multiple interest rate hikes with the effective federal funds rate set at 0.33% in April 2022 and progressively increasing to 3.08% in late September 2022 and reaching 4.83% by the end of March 2023, the Group incurred the finance costs of approximately HK\$22.7 million, which adversely impaired its overall profitability. While the Group generated the revenue of approximately HK\$265.3 million and incurred the operating expenses of approximately HK\$251.1 million, the operating profits (as calculated by the revenue less the operating expenses) amounting to approximately HK\$14.2 million had been fully offset by the significant finance costs of approximately HK\$22.7 million.

In December 2023, the Federal Reserve of the US decided to maintain the target range for the federal funds rate at a 22-year high of 5.25% to 5.5%. The “Summary of Economic Projections”⁷ released by the Federal Reserve of the US on 13 December 2023 (Eastern Time Zone) indicates a median projection of the federal funds rate at 4.6% for the end of 2024. Looking ahead, the Group is likely to confront ongoing challenges in its business operations under the unfavourable financial landscape marked by the projected high interest rate and the consequential burden of significant finance costs.

(iv) Our view

The financial results of the Group demonstrated a general downturn, with a setback from the net profit of approximately HK\$13.6 million in FY2020 and approximately HK\$3.2 million in FY2021, respectively, to a net loss of approximately HK\$24.0 million in FY2022 and further to a net loss of approximately HK\$27.8 million in FY2023. The financial performance and the results of the Group are subject to, among other things, the governmental regulations and policies, the industry landscape and the prevailing economic conditions.

⁵ The gearing ratio is calculated by dividing the total borrowings (including bank and other borrowings as well as amount due to related companies/directors/shareholders, if any) net of cash and cash equivalents and bank deposits (if any) by total equity as at the respective reporting date.

⁶ The gearing ratios of Hang Chi Holdings Limited and Kato (Hong Kong) Holdings Limited are nil (owing to nil net debt) and 0.1 times respectively, based on their respective latest published financial reports/results announcement.

⁷ Please refer to the website of the Federal Reserve at <https://www.federalreserve.gov/newsevents/pressreleases/monetary20231213b.htm>

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With (i) the projected strong demand for the elderly care services in both the short-term and the long-term; (ii) the Group's resilient revenue performance with positive Core EBITDA amid the challenges posed by the COVID-19 pandemic throughout the Financial Relevant Period; and (iii) the short-term alleviation of the shortage of care workers attributable to the Special Scheme, the Group is believed to be benefited from the favourable business environment, thereby maintaining a sustainable revenue stream. Nonetheless, the prevailing economic conditions at the juncture of high-interest rate cycle pose challenges to the financial performance of the Group, given the financing model of the Group as characterized by heavy reliance on borrowings to support its business operations. As such, it is uncertain as to the Group's ability in navigating the challenging financial landscape and achieving a turnaround to regain profitability in the near future.

(d) Valuation of the property interests of the Group

The leasehold interests of the properties held by the Group, all of which are located in Hong Kong (individually, the "**Property**", together, the "**Properties**"), have been valued by the Valuer as at 30 September 2023 (the "**Valuation Date**"). According to the property valuation report issued by the Valuer in relation to the Properties (the "**Property Valuation Report**"), the total market value in existing state of the Properties attributable to the Group amounted to HK\$1,322.1 million (the "**Appraised Value**") as at the Valuation Date (the "**Property Valuation**").

The full text of the Property Valuation Report and the respective valuation certificates of the Properties for their respective market values in existing state as at the Valuation Date is set out in Appendix II to the Scheme Document.

We have reviewed the Valuer's terms of engagement and noted that the scope of work is appropriate for arriving at the opinion of the market value of the Properties. Nothing has come to our attention to suggest any formal or informal representation to the Valuer that contravenes with our understanding of the information, to a material extent, as set out in the Scheme Document. In addition, in compliance with the requirements under note (1)(d) to Rule 13.80 of the Listing Rules, we have assessed the qualification and experience of Mr. Eddie Kwok ("**Mr. Kwok**"), being the responsible person of the Valuer in charge of the Property Valuation. We note that Mr. Kwok is a Fellow of the Royal Institution of Chartered Surveyors ("**RICS**"), a Fellow of The Hong Kong Institute of Surveyors ("**HKIS**"), Registered Professional Surveyor (General Practice Division) as well as a RICS Registered Valuer with over 27 years of experience in real estate valuation in Hong Kong.

We have also reviewed the Property Valuation Report and discussed with the Valuer the methodology and bases and assumptions adopted under the Property Valuation to arrive at the Appraised Value of the Properties. We understand from the Property Valuation Report that the Properties were valued by the Market Comparison Method. As stated in the Property Valuation Report, the Market Comparison Method is the most widely used method of valuation by comparing the Properties directly with other

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comparable properties which have recently transacted, with appropriate consideration factors for adjustments including location, time, building age, floor level, size, accessibility, headroom etc.

As stated in the Property Valuation Report, the Property Valuation was prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by the HKIS, the RICS Valuation — Global Standards effective from 31 January 2022 published by the RICS and the International Valuation Standards published by the International Valuation Standards Council. Further, the Valuer has confirmed that they have also complied with all the requirements as set out in Chapter 5 and Practice Note 12 of the Listing Rules, Rule 11 of the Takeovers Code and the HKIS Valuation Standards 2020.

Based on the above, and having taken into account the nature and usage of the Properties, we consider the methodologies and bases adopted by the Valuer for the Property Valuation are commonly used and reasonable in establishing the Appraised Value of the Properties.

2. The Adjusted NAV per Share

According to the Property Valuation Report, the Appraised Value of the Properties amounted to HK\$1,322.1 million as at the Valuation Date. Accordingly, we have taken into account the Adjusted NAV, which is calculated based on the unaudited consolidated net assets value (the “NAV”) of the Group as at 30 September 2023 as adjusted with reference to the Property Valuation as at the Valuation Date. Details of the adjustment are set out in the table below.

	<i>HK\$'000</i>
Unaudited consolidated NAV of the Group as at 30 September 2023	137,002
<i>Add:</i>	
Revaluation surplus of the land and buildings of the Group arising from the Property Valuation ^(Note 1)	<u>734,961</u>
Adjusted NAV of the Group	<u><u>871,963</u></u>
Adjusted NAV per Share ^(Note 2)	Approx. HK\$0.966
The Cancellation Price	HK\$0.89
Discount represented by the Cancellation Price to the Adjusted NAV per Share	Approx. 7.9%

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Notes:

1. This represents a revaluation surplus calculated based on the Appraised Value of the Properties as at 30 September 2023 as disclosed in the Property Valuation Report, net of the carrying amount of such property interests as at 30 September 2023 as disclosed in the Interim Report 2023.
2. Based on 902,880,000 Shares in issue as at the Latest Practicable Date and rounded to 3 decimal places.

As set out in the above table, the Cancellation Price represents a discount of approximately 7.9% to the Adjusted NAV per Share.

We have reviewed the Property Valuation Report and the calculation of the Adjusted NAV reflecting the effect of revaluation surplus in the amount of approximately HK\$735.0 million as outlined above. We understand from the Management that the revaluation surplus is owing to the fact that all the property interests of the Group were stated at cost less accumulated depreciation and any impairment losses. We are also given to understand that the Company has no plan to dispose of or transfer the interests in the Properties as at the Latest Practicable Date. Further, it is stated in the Scheme Document that the Offeror intends to continue to carry on the current business of the Group and has no specific plans to immediately make any major change to the business of the Group, including any major redeployment of the fixed assets of the Group. Based on the foregoing, the Adjusted NAV and the Adjusted NAV per Share, as adjusted by such appreciation amount arising from the revaluation surplus, are unlikely to be realised despite the discount represented by the Cancellation Price to the Adjusted NAV per Share.

Further analysis on the Adjusted NAV and the discount represented by the Cancellation Price to the Adjusted NAV are discussed in more particular in the paragraph headed “8. Comparison with privatisation comparables” in this letter.

3. Information of the Offeror

As set out in the section headed “10. Information on the Offeror” in the Explanatory Memorandum, the Offeror is incorporated in the British Virgin Islands 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, namely 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. Chime Corporation Limited is the ultimate holding company of the 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, provides elderly care services and invests in businesses that improves people’s lives and the environment.

4. Intention of the Offeror regarding the Group

As set out in the section headed “12. Intention of the Offeror in relation to the Group” in the Explanatory Memorandum, the Offeror, following implementation of the Proposal, intends to work together with the Company’s management to review the structure, business and strategy of the Group and, subject to result of such review and prevailing market conditions, implement appropriate strategies to enhance the Group’s business operations.

As at the Latest Practicable Date, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to immediately make any major change to the business (including any redeployment of fixed assets) of the Group, or to make any material change to the employment of the Group’s employees as a result of the implementation of the Proposal.

5. Reasons for and benefits of the Proposal

As set out in the section headed “4. Reasons for and benefits of the Proposal” in the Explanatory Memorandum, the Offeror considers that the Proposal provides the Scheme Shareholders with an attractive opportunity to realise their investments and interests in the Company for cash. The Cancellation Price represents a premium of approximately (i) 1.48% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (ii) 22.93% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; and (iii) 43.78% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day.

(a) For the Scheme Shareholders

Following the closing of the Mandatory General Offers, trading of the Shares has been suspended since 31 October 2022 pending the restoration of the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules (the “**Public Float Requirement**”), further details of which have been disclosed in (i) the announcements of the Company dated 6 December 2022, 27 January 2023, 31 January 2023, 28 April 2023, 12 May 2023, 28 July 2023 and 30 October 2023; and (ii) the Announcement (collectively, the “**Public Float Announcements**”).

As disclosed in the Public Float Announcements, the Company and the Offeror have been facing difficulties and challenges, which are out of the control of the Company and the Offeror, in order to procure potential investors for the purpose of meeting the Public Float Requirement. The relevant major difficulties and challenges are summarized as follows:

- (i) the resurgence of COVID-19 in the PRC in or around December 2022, coupled with the travel restrictions between the borders and the restricted visiting arrangements applicable to RCHEs in Hong Kong at the relevant time, was detrimental to both the negotiations of investment terms with the potential investors and their relevant due diligence processes on the Group;

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- (ii) the prevailing capital market in Hong Kong has become volatile under the unexpected banking crisis in the US and Europe emerged in the first quarter of 2023, which has created uncertainties for the world economy and shaken investors' confidence in the financial market globally that it remains difficult for the Offeror and the Company to secure sufficient demand for the Shares and to conclude the investment terms with the potential investors; and
- (iii) the substantial number of Shares needed to be issued and/or disposed of for the purpose of meeting the Public Float Requirement under the prevailing poor market sentiment added further challenges to the process of sourcing potential investors.

Based on the foregoing, the Company has made the applications for and the Stock Exchange has granted the Waiver for an initial period from 28 October 2022 to 28 January 2023, which was subsequently extended for additional periods from 29 January 2023 to 29 April 2023, and then from 30 April 2023 to 30 July 2023, which has been further extended to 31 January 2024. Despite all efforts of the Offeror and the Company to restore public float of the Company, no term sheet or formal agreement has been entered into among the Offeror, the Company and the potential investors as at the Latest Practicable Date. If the public float of the Company cannot be restored on or before 30 April 2024, the Stock Exchange may exercise its discretion to cancel the listing of the Shares and subsequently the Shares will become unlisted securities with a substantially reduced liquidity. The Offeror considers that the illiquidity caused by the trading suspension as well as the cancelled listing status of the Shares is not in the interest of the Scheme Shareholders. Given the above, the Offeror believes that the Proposal provides another opportunity for the Scheme Shareholders to monetise their investments in the Company for cash and redeploy the proceeds from the Scheme into other investment opportunities.

We understand from the Public Float Announcements that the current difficulties and challenges faced by the Offeror and the Company in sourcing potential investors were mainly attributable to the prevailing poor capital market conditions in Hong Kong arising from, among others, macro-economic factors (for example, unexpected banking crisis in the US and Europe) emerged in the first quarter of 2023 which may or may not last until the deadline of 30 April 2024, as imposed by the Stock Exchange for the Company to fulfill the Public Float Requirement. Accordingly, we are of the view that it is uncertain as to whether and when trading of the Shares will be resumed having taken into account that (i) no term sheet or formal agreement had been entered into with the potential investors under the prevailing capital market conditions in Hong Kong as at the Latest Practicable Date despite all the efforts of the Offeror and the Company; and (ii) the Stock Exchange may exercise its discretion to cancel the listing of the Shares if the Company fails to fulfill the Public Float Requirement on or before the deadline of 30 April 2024 (“**Resumption Uncertainties**”).

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(b) For the Offeror and the Company

From the viewpoint of the Offeror and the Company, the Company has not conducted any equity fund raising activities in recent years and maintaining the listing status is of limited significance to the Group from a financing perspective. Before the trading suspension of the Shares on 31 October 2022, the Shares were generally trading at a low price range with a rather thin trading liquidity. The daily closing price of the Shares ranged from HK\$0.249 to HK\$0.96 per Share in 2022, while the trading of the Shares was generally illiquid, with an average daily trading volume at approximately 2,689,158 Shares in 2022, representing approximately 0.298% of the total issued Shares as at the Latest Practicable Date and approximately 1.145% of the total number of Shares held by the public Shareholders as at the commencement date of the Mandatory General Offers on 7 October 2022. Under such circumstances, the Company may not be able to fully utilise the listing platform as a source of funding for its long-term growth.

The Offeror believes that the Proposal will be beneficial to the long-term development of the Group. The financial performance of the Company had been adversely affected by the COVID-19 pandemic and the Company recorded losses in FY2022 and FY2023, respectively. It is envisaged that uncertainties of the macro-economy and inflationary pressure will continue to affect the business environment and impose challenges to the business operation of the Group in the near future.

In light of the above, the Offeror believes that the successful implementation of the Proposal will provide more flexibility to the Offeror and the Company, as a privately-owned company in order to achieve long-term commercial development for the Group and maintain its competitiveness amidst the challenging business environment, free from the pressure of share price fluctuations, regulatory restrictions and compliance requirements because of the Company's listing status. The Offeror further considers that the Proposal, which entails the delisting of the Company, will also allow the Company to save on administrative, compliance and other costs associated with maintaining its listing status.

(c) Our views

The Company has not fully utilized the listing platform for fundraising given that the Company has not conducted any equity fundraising activities since its listing in 2017. Furthermore, based on our observations as discussed in the section headed "6. Analysis on the Cancellation Price", the Shares were generally trading with a rather thin trading liquidity. Based on the foregoing, we concur with the viewpoint of the Offeror and the Company that maintaining the listing status is of limited significance to the Group from a financing perspective as the listing costs and pressure outweigh the benefits from listing of the Shares. If the Proposal is successful, the listing costs and pressure will be eliminated and the Company, as a privately-owned company, will be allowed with more flexibilities to achieve long-term commercial development for the Group and maintain its competitiveness amidst the challenging business environment.

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Having considered (i) the trading suspension of the Shares since 31 October 2022 and up to the Latest Practicable Date; (ii) the Resumption Uncertainties; (iii) the generally thin trading volume of the Shares before trading suspension; and (iv) the fairness and reasonableness of the Cancellation Price (as discussed in the section headed “6. Analysis on the Cancellation Price”), we consider that the Proposal provides an opportunity for the Scheme Shareholders to monetise their investments in the Company for cash with the certainty of a fair and reasonable selling price (i.e. the Cancellation Price) and redeploy the proceeds from the Scheme into other investment opportunities.

The Scheme Shareholders should also note that, if the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code pursuant to which the Offeror and the Offeror Concert Parties are restricted from making subsequent offers within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive. Accordingly, we consider the Proposal may also represent the last exit opportunity offered by the Offeror for the Scheme Shareholders before the deadline of 30 April 2024 as imposed by the Stock Exchange for the Company to fulfil the Public Float Requirement. If the public float of the Company cannot be restored on or before 30 April 2024, the Stock Exchange may exercise its discretion to cancel the listing of the Shares and subsequently the Shares will become unlisted securities with no open market for trading.

6. Analysis on the Cancellation Price

To assess the fairness and reasonableness of the Cancellation Price, we have considered the following principal factors:

(a) Comparison of value of the Cancellation Price

The Cancellation Price of HK\$0.89 per Scheme Share represents:

- (i) a discount of approximately 1.11% to the closing price of HK\$0.900 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.68% over the average closing price of HK\$0.884 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 0.91% over the average closing price of HK\$0.882 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 1.48% over the average closing price of approximately HK\$0.877 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

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- (v) a premium of approximately 22.93% over the average closing price of approximately HK\$0.724 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 43.78% over the average closing price of approximately HK\$0.619 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 485.5% over the unaudited consolidated NAV per Share attributable to the Shareholders (the “**Interim NAV per Share**”) of approximately HK\$0.152 as at 30 September 2023 (calculated based on (i) the unaudited consolidated NAV of the Group attributable to the Shareholders of approximately HK\$137.0 million as at 30 September 2023 as extracted from the Interim Report 2023; and (ii) 902,880,000 Shares (being the number of Shares in issue as at the Latest Practicable Date); and
- (viii) a discount of approximately 7.9% to the Adjusted NAV of approximately HK\$0.966 per Share after taking into account of the Property Valuation as set out in Appendix II to the Scheme Document.

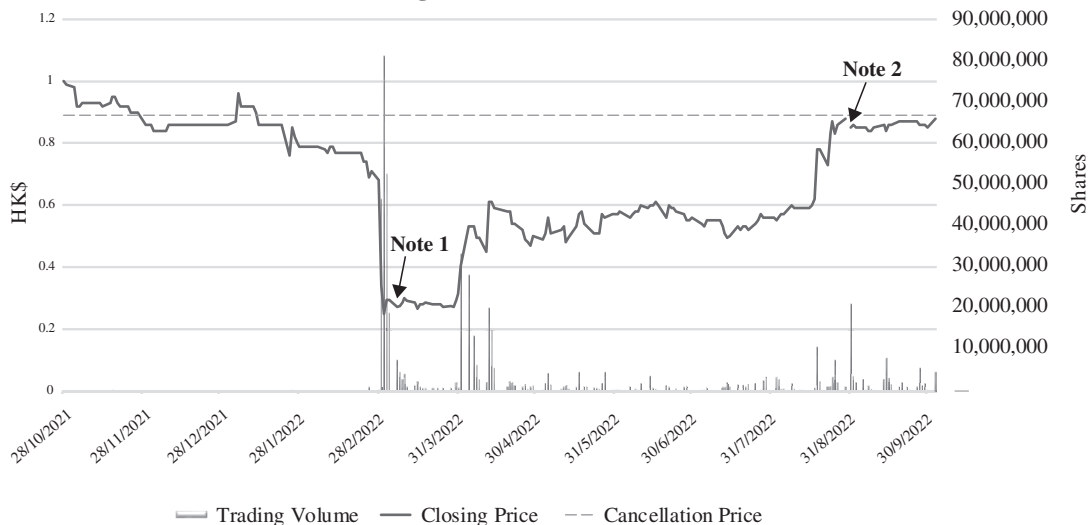
In summary, the Cancellation Price represents (i) premiums over the average closing prices of the Shares for different periods prior to the Last Trading Day ranging from approximately 0.68% to approximately 43.78% despite its slight discount of approximately 1.11% to the closing price of the Shares on the Last Trading Day; and (ii) a significant premium of approximately 485.5% over the Interim NAV per Share. Taking into account the Property Valuation, the Cancellation Price represents a discount of approximately 7.9% to the Adjusted NAV of approximately HK\$0.966 per Share (“**Adjusted NAV Discount**”). The Scheme Shareholders should also note that the Cancellation Price is equal to the offer price under the Mandatory General Offers (the “**MGO Offer Price**”).

(b) Historical price performance of the Shares

Set out below is a chart showing the historical price performance of the Shares as compared to the Cancellation Price during the period from 28 October 2021 (being the 12 full calendar months period prior to the Last Trading Day) up to the Last Trading Day (the “**Shares Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and the level of movement of the closing price of the Shares (the “**Closing Price**”).

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**Historical Price Performance of the Shares
during the Shares Review Period**



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

Notes:

1. On 4 March 2022, the Company made a voluntary announcement regarding, among others, (i) unusual price and volume movement; and (ii) the disclosure of interest regarding the disposal of Shares by the then substantial Shareholder on 1 March 2022.
2. On 30 August 2022, trading of the Shares was halted pending the release of the joint announcement issued by the Company and the Offeror regarding the Mandatory General Offers (the "MGO Announcement").

During the Shares Review Period, the highest Closing Price was HK\$1.000 per Share on 28 October 2021 and the lowest Closing Price was HK\$0.249 per Share on 2 March 2022, with an average Closing Price of approximately HK\$0.689 per Share, as quoted on the Stock Exchange. The Cancellation Price of HK\$0.89 per Scheme Share represents (i) a premium of approximately 257.4% over the lowest Closing Price; (ii) a discount of 11.0% to the highest Closing Price; and (iii) a premium of approximately 29.2% over the average Closing Price during the Shares Review Period. Furthermore, the Cancellation Price is above the Closing Prices for 209 trading days out of 245 trading days (representing approximately 85.3% of the total number of trading days) during the Shares Review Period.

As shown in the chart above, the Closing Price exhibited a generally downward trend from the beginning of the Shares Review Period and nose-dived to its lowest point of HK\$0.249 per Share on 2 March 2022, being the next trading day after the disposal of the Shares by the then substantial Shareholder. Since then, the Closing Price gradually climbed up with fluctuations from HK\$0.405 on 1 April 2022 to HK\$0.56 per Share on 29 July 2022. The Closing Price further surged from HK\$0.56 per Share on 1 August 2022 to HK\$0.88 per Share on 29 August 2022 (being the last trading day prior to the MGO Announcement), representing a substantial increment of approximately 57.1%.

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For the period from 31 August 2022 (being the next trading day after publication of the MGO Announcement) to the Last Trading Day (the “**MGO Offer Period**”), the Closing Prices were below or equal to the Cancellation Price within a narrow band between HK\$0.84 and HK\$0.89 per Share, except on the Last Trading Day that the Closing Price was HK\$0.90 per Share.

Given that (i) no further analysis on the recent performance of the Shares can be made for the period since its trading suspension on 31 October 2022; and (ii) the Cancellation Price is equal to the MGO Offer Price, we have alternatively attempted to evaluate the Cancellation Price with reference to the trend of the Hong Kong stock market performance in terms of the performance of the closing Hang Seng Index (the “**HSI**”) since 31 August 2022 (being the date of the MGO Announcement) and up to the Latest Practicable Date (the “**HSI Review Period**”).

On 31 August 2022, the Closing Price was HK\$0.85 per Share and the closing HSI was 19,954.39. During the HSI Review Period, the closing HSI was generally in a downward trend which declined by approximately 17.3% from 19,954.39 on 31 August 2022 to 16,505.00 on the Latest Practicable Date. Amidst the general downward trend of the Hong Kong stock market, the Cancellation Price remains the same as the MGO Offer Price.

According to the “Research Paper No. 73: Half-yearly Review of the Global and Local Securities Markets” issued by the SFC on 11 August 2023 (the “**HK Market Research Paper**”), we are given to understand that the major stock markets globally rose but the Hong Kong market declined during the first half of 2023 as the Hong Kong market performance seemed to be largely affected by external macro factors. The decline in the Hong Kong market for the first half of 2023 was because investors remained cautious about the US interest rate outlook and the underperformed technology stocks amid policy uncertainties. There were concerns that a weaker Renminbi might affect the earnings of those Mainland companies listed in Hong Kong and the uncertainties about the monetary policy stance of major central banks continued to weigh on the market. We understand from the HK Market Research Paper that the investors were more risk-averse with their worries over the risks of a global recession and the lingering geopolitical tensions in Ukraine.

Having considered that (i) the Shares were traded below the Cancellation Price for approximately 85.3% of the total number of trading days during the Shares Review Period; (ii) the Company has been loss-making for both FY2022 and FY2023; and (iii) the Hong Kong stock market during the HSI Review Period recorded a negative growth, we consider that there is no assurance on the Share price performance which, even if and when trading of the Shares is resumed, will sustain at a level comparable to or even higher than that during the Shares Review Period particularly under the prevailing market sentiment and in absence of any significant positive events. Furthermore, the Cancellation Price remains the same as the MGO Offer Price despite the general downward trend of the Hong Kong stock market. Based on the foregoing, we consider the Cancellation Price is fair and reasonable as far as the Scheme Shareholders are concerned.

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(c) *Historical trading liquidity of the Shares*

A summary setting out the number of trading days per month/period, the total monthly trading volume, the average daily number of the Shares traded per month/period (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 the public Shareholders during the Shares Review Period (at the end of each month/period or up to and including the Last Trading Day) is tabulated as below:

Month/period	Number of trading days per month/period	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 <i>(Notes 1 & 2)</i> <i>Approximate %</i>	Percentage of the Average Volume to the total number of issued Shares held by the public Shareholders <i>(Note 3)</i> <i>Approximate %</i>
2021					
October (starting from 28 October 2021)	2	50,000	25,000	— <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	1.11	4.43
April	18	137,256,000	7,625,333	0.84	3.38
May	20	27,772,000	1,388,600	0.15	0.62
June	21	14,480,000	689,524	— <i>(Note 4)</i>	0.31
July	20	20,262,000	1,013,100	0.11	0.45
August	22 ^{<i>(Note 5)</i>}	61,056,000	2,775,273	0.31	1.23
September	21	40,105,800	1,909,800	0.21	0.85
October (up to and including the Last Trading Day)	19	10,576,000	556,632	— <i>(Note 4)</i>	1.79

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/period during the Shares Review Period (or as at the Last Trading Day).
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 (i) the 225,386,000 Shares held by the public Shareholders for each of the month/period up to and including September 2022, being the period before the close of the Mandatory General Offers; or (ii) the 31,155,950 Shares held by the public Shareholders upon close of the Mandatory General Offers on the Last Trading Day (where applicable).
4. Less than 0.1%.
5. Trading in the Shares was halted on 30 August 2022. Accordingly, the number of trading days for August 2022 is adjusted to 22.

As shown in the table above, the trading volume of the Shares was generally thin during the Shares Review Period, with the respective Average Volumes ranging from approximately 7,895 Shares to approximately 9,980,435 Shares, representing (i) less than 0.10% to approximately 1.11% of the total number of issued Shares; and (ii) less than 0.10% to approximately 4.43% of issued Shares held by the public Shareholders at the end of each respective month/period and up to the Last Trading Day. As aforesaid, we iterated that the trading of the Shares has been suspended since 31 October 2022 pending the fulfilment of the Public Float Requirement.

In light of the above, particularly (i) the overall thin liquidity of the Shares during the Shares Review Period; (ii) the Resumption Uncertainties; and (iii) the liquidity in the Shares, even if trading of the Shares was not suspended or after it is resumed, under the prevailing market sentiment, we are of the view that the Scheme Shareholders (particularly for those who hold a large volume of the Shares) may not be able to realise their investments in the Shares without depressing the price of the Shares and not to mention the disposal of a significant number of the Shares at a price higher than or close to the Cancellation Price. Accordingly, we consider that the Proposal provides an exit alternative for the Scheme Shareholders who would like to realise their investments in the Shares at the Cancellation Price.

7. Peer group comparison

Taking into consideration the principal business of the Company, we have conducted research on 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, for peer group comparison. Based on the aforesaid selection criteria, we have identified an exhaustive list of two comparable companies (the “**Comparable Companies**”).

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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, we consider 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 Cancellation Price.

In assessing the fairness and reasonableness of the Cancellation Price, we attempted 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 source and reflect the value of a company determined by the open market. Given that the Group was loss-making in FY2023, the PER analysis is considered 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. Furthermore, as the properties, plant and equipment of the Group accounted for approximately 89.2% of its total assets as at 30 September 2023, the PBR analysis can fairly reflect the value of a company taking into account its revenue generating assets. Hence, we consider that the PBR analysis and the PSR analysis are the appropriate valuation benchmarks in assessing the fairness and reasonableness of the Cancellation Price. The dividend yield analysis is also included for the consideration of the Scheme Shareholders. Details of our findings are summarized as follows:

Company name (stock code)	Market capitalisation as at the Latest Practicable Date <i>(Note 1)</i> <i>HK\$'million</i>	Equity attributable to owners of the Comparable Companies <i>(Note 2)</i> <i>HK\$'million</i>	Revenue <i>(Note 3)</i> <i>HK\$'million</i>	Net profit attributable to owners of the Comparable Companies <i>(Note 3)</i> <i>HK\$'million</i>	PBR <i>(Note 4)</i> <i>Times</i>	PSR <i>(Note 5)</i> <i>Times</i>	Dividend yield <i>(Note 6)</i> <i>(%)</i>
Kato (Hong Kong) Holdings Limited (2189.HK) (“Kato”)	520.0	371.3	408.3	126.2	1.4	1.3	6.2
Hang Chi Holdings Limited (8405.HK) (“Hang Chi”)	260	180.5	193.0	36.5	1.4	1.3	15.4
				Average	1.4	1.3	10.8
				Maximum	1.4	1.3	15.4
				Minimum	1.4	1.3	6.2

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	Implied market capitalisation <i>(Note 7)</i> <i>HK\$'million</i>	Equity attributable to owners of the parent <i>(Note 2)</i> <i>HK\$'million</i>	Revenue <i>(Note 3)</i> <i>HK\$'million</i>	Net profit attributable to owners of the parent <i>(Note 4)</i> <i>HK\$'million</i>	Implied PBR <i>(Note 8)</i> <i>Times</i>	Implied PSR <i>(Note 9)</i> <i>Times</i>	Implied dividend yield <i>(Note 10)</i> <i>(%)</i>
The Company	803.6	137.0	265.3	N/A (loss- making)	5.9 (or 0.9, on an adjusted basis)	3.0	N/A

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

Notes:

1. The market capitalisations are calculated based on 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 Comparable Companies/parent of the Company are extracted from their respective latest published financial reports/results announcement.
3. The revenue and the net profit attributable to owners of the Comparable Companies/the Company are extracted from their respective latest published annual reports.
4. The PBRs are calculated based on the market capitalisations of the Comparable Companies as at the Latest Practicable Date divided by their respective equity attributable to owners of the Comparable Companies as extracted from their latest published financial reports/results announcement.
5. The PSRs are calculated based on the market capitalisations of the Comparable Companies as at the Latest Practicable Date divided by their respective total revenue as extracted from their latest published annual reports.
6. The dividend yields of the Comparable Companies are calculated based on the total dividends per share declared and/or proposed by the Comparable Companies in the latest 12 calendar months period prior to the Latest Practicable Date divided by the closing price of the respective Comparable Companies as at the Latest Practicable Date.
7. The implied market capitalisation of the Company is calculated based on the Cancellation Price multiplied by the number of issued Shares as at the Latest Practicable Date.
8. The implied PBR of the Cancellation Price is calculated based on the implied market capitalisation (calculated in point (7) above) divided by the equity attributable to owners of parent of the Company as extracted from the Interim Report 2023. The implied PBR of the Cancellation Price on an adjusted basis is calculated based on the Cancellation Price divided by the Adjusted NAV per Share.
9. The implied PSR of the Cancellation Price is calculated based on the implied market capitalisation (calculated in point (7) above) divided by the total revenue of the Company as extracted from the Annual Report 2023.
10. Not applicable as the Company did not declare and/or propose any dividends in the latest 12 calendar months period prior to the Latest Practicable Date.

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As shown above, both of the two Comparable Companies were trading at (i) the PBR of approximately 1.4 times; and (ii) the PSR of approximately 1.3 times as at the Latest Practicable Date. The implied PBR and the implied PSR of the Cancellation Price of approximately 5.9 times and 3.0 times, respectively, are considerably higher than the PBRs and the PSRs of the two Comparable Companies. In light of the analysis of the Adjusted NAV per Share as discussed in the paragraph headed “2. The Adjusted NAV per Share” in this letter, we attempted to conduct the PBR analysis on an adjusted basis (i.e. NAV per share with adjustments based on independent valuation in respect of the properties of the Comparable Companies). However, we could not identify the adjusted equity attributable to owners of the Comparable Companies that are supported by independent valuation from public source. We consider inappropriate to compare the implied PBR of the Cancellation Price on an adjusted basis with the non-adjusted PBRs of the Comparable Companies. As such, no comparison of the PBRs based on the Adjusted NAV per Share and those of the Comparable Companies can be performed.

Both Kato and Hang Chi have been profit-making since their listings in Hong Kong in 2017 and 2019 respectively and carried dividend yields of approximately 6.2% and approximately 15.4% respectively based on their respective total dividends declared and/or proposed in the past 12 months up to and including the Latest Practicable Date. Unlike the Comparable Companies, the Company has been loss-making in FY2022 and FY2023 and had not announced and/or declared any dividends since its last declaration of final dividend for FY2020.

As such, we consider that the Cancellation Price is a reasonable exit opportunity for the Scheme Shareholders from the perspective of the rating of the Comparable Companies based on the PBR analysis and the PSR analysis. The Proposal also allows an opportunity for the Scheme Shareholders, who look for long-term investment in similar industry with dividend payouts, to cash out their equity investment in the Company and reallocate the proceeds in other similar companies which are more likely to pay cash dividends.

8. Comparison with privatisation comparables

To further assess the fairness and reasonableness of the Proposal, we attempted to search for privatisation precedents (the “**Privatisation Precedents**”) based on the following criteria: (i) the subject companies, excluding H-share companies, are listed on the Stock Exchange; (ii) the privatisation proposals, by way of scheme of arrangement or voluntary general offer, were announced (including successful/unsuccessful proposals as well as those pending for and subject to fulfilment of conditions precedent) since 1 January 2022 and up to the Latest Practicable Date; and (iii) the privatisation proposals involve cash consideration only (i.e. excluding combined consideration of cash and shares). We excluded H-share companies from the Privatisation Precedents as such companies normally have more than one class of shares and the relevant privatisation proposals are normally implemented by way of share buyback or merger by absorption, which have different transaction structure and/or regulatory requirements as compared to that of the scheme of arrangement or voluntary general offer. We consider that the period under review, being approximately 24 months, is adequate to provide a fair and representative sample for analysis of recent privatisation transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Based on the above criteria, we have identified 21 Privatisation Precedents which are exhaustive and comparable to the Proposal. Although the business, operation and scale of each subject company are different as compared to that of the Group, we are of the view that the premiums/discounts as represented by the cancellation/offer price over/to the closing price/ average closing prices for various periods and the NAV per share are pertinent factors for the offeror to determine the cancellation/offer price. As such, the Privatisation Precedents can provide an indicative reference to the pricing trend of recent privatisation transactions under prevailing market and economic circumstances, so as to determine whether the Cancellation Price is in line with the recent market practice.

The table below sets out the respective premiums/discounts represented by the cancellation/offer price over/to the respective last trading price and average closing prices for different periods as well as the respective latest published NAV per share (and the reassessed NAV per share based on property valuation, if any) attributable to owners of the subject company involved in the Privatisation Precedents:

Date of initial announcement (Note 1)	Company name (stock code)	Premium/(discount) of the cancellation/offer price over/to the closing price/average closing price (Note 2)						Premium/(discount) of the cancellation/offer price over/to	
		on the last trading day (%)	for the last 5 trading days (%)	for the last 10 trading days (%)	for the last 30 trading days (%)	for the last 90 trading days (%)	for the last 180 trading days (%)	NAV per share (Note 3) (%)	the latest reassessed NAV per share (Note 4) (%)
14-Jan-2022	AKM Industrial Co., Ltd. (1639)	14.5	24.5	31.4	25.8	40.7	60.4	70.9	N/A
06-May-2022	Yashili International Holdings Ltd (1230)	30.4	33.9	38.6	31.8	81.8	96.1	(6.3)	(11.5)
09-Jun-2022	China VAST Industrial Urban Development Company Limited (6166)	30.4	29.2	28.8	31.4	42.1	30.7	(41.2)	(41.9)
05-Aug-2022	Lifestyle International Holdings Limited (1212)	62.3	75.9	81.9	70.1	48.1	30.0	287.5	(52.8)
31-Aug-2022	China Binary New Fintech Group (8255) (“China Binary”)	28.2	34.4	33.3	28.5	10.9	(6.9)	N/A ^(Note 5)	N/A
24-Oct-2022	Kingston Financial Group Limited (1031)	47.8	48.4	47.6	39.4	29.9	11.0	(80.2)	N/A
17-Feb-2023	AAG Energy Holdings Limited (2686)	10.1	10.1	9.3	10.8	27.2	25.9	(27.5)	N/A
21-Feb-2023	Jiangnan Group Limited (1366)	83.5	72.3	89.9	101.4	90.2	77.5	(63.8)	N/A
8-May-2023	Hailan Holdings Limited (2278)	5.0	5.0	5.0	5.0	12.2	(3.4)	(3.2)	(60.2)
28-May-2023	Golden Eagle Retail Group Limited (3308)	63.4	66.6	61.5	55.3	54.6	45.2	4.2	(47.4)
2-Jun-2023	ENM Holdings Limited (128) (“ENM”) (Note 6)	24.7	46.5	47.4	46.5	43.9	38.7	(12.1)	(12.1)

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Date of initial announcement (Note 1)	Company name (stock code)	Premium/(discount) of the cancellation/offer price over/to the closing price/average closing price (Note 2)						Premium/(discount) of the cancellation/offer price over/to	
		on the last trading day (%)	for the last 5 trading days (%)	for the last 10 trading days (%)	for the last 30 trading days (%)	for the last 90 trading days (%)	for the last 180 trading days (%)	the latest NAV per share (Note 3) (%)	the latest reassessed NAV per share (Note 4) (%)
11-Jun-2023	Mason Group Holdings Limited (273)	20.7	20.7	19.4	19.0	12.7	19.0	(60.1)	N/A
23-Jun-2023	Yongsheng Advanced Materials Company Limited (3608) (“Yongsheng”)	58.7	55.8	61.0	52.9	34.4	28.7	(42.9)	(46.5)
27-Jun-2023	Dali Foods Group Company Limited (3799)	37.9	36.4	39.4	30.2	18.7	13.0	151.7	N/A
13-Jul-2023	IMAX China Holding, Inc. (1970) (“IMAX”) (Note 6)	39.5	45.2	44.6	49.2	34.8	35.7	86.1	N/A
1-Sep-2023	CST Group Limited (985)	61.3	24.4	21.4	36.6	(14.9)	(33.8)	(60.7)	N/A
15-Sep-2023	Lansen Pharmaceutical Holdings Limited (503)	26.8	24.1	22.5	20.0	20.8	23.3	(22.1)	N/A
6-Oct-2023	Haitong International Securities Group Limited (665) (“Haitong Int'l”)	114.1	111.1	108.2	126.5	124.5	110.5	(39.3)	N/A
29-Nov-2023	C.banner International Holdings Limited (1028) (“C.banner Int'l”) (Note 7)	39.1	37.9	40.4	22.1	25.0	15.9	(78.4)	N/A
6-Dec-2023	CPMC Holdings Limited (906) (“CPMC”) (Note 7)	6.0	4.7	5.4	10.1	20.1	38.0	30.2	N/A
14-Dec-2023	Sinosoft Technology Group Limited (1297) (“Sinosoft”) (Note 7)	29.4	30.4	31.2	31.1	15.0	14.2	(78.8)	N/A
	Average	39.7	39.9	41.3	40.2	36.8	31.9	0.7	(38.9)
	Maximum	114.1	111.1	108.2	126.5	124.5	110.5	287.5	(11.5)
	Minimum	5.0	4.7	5.0	5.0	(14.9)	(33.8)	(80.2)	(60.2)
The Proposal		(1.1)	0.7	0.9	1.5	22.9	43.8	485.5 (based on the Interim NAV per Share)	(7.9) (based on the Adjusted NAV per Share)

Source: the website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Notes:

1. The date of announcement under Rule 3.5 of the Takeovers Code involving the respective privatisation proposals by way of scheme of arrangement and voluntary general offers.
2. The premiums/(discounts) over/to each of the last closing price/average closing prices on/up to and including the last trading day/the last full trading day, as disclosed in the respective initial announcements/privatisation documents or, for those undisclosed, is based on other relevant information publicly available on the Stock Exchange.
3. The premiums/(discounts) over/to each of the latest audited/unaudited NAV per share attributable to owners of the subject companies, as disclosed in the respective initial announcements/privatisation documents or composite documents.
4. The discounts to each of the latest reassessed NAV per share attributable to owners of the subject companies as a result of independent property valuation, as disclosed in the respective privatisation documents or composite documents.
5. China Binary recorded unaudited net liabilities with reference to its then latest published financial information prior to publication of the relevant privatisation document.
6. The privatisation proposals regarding ENM and IMAX lapsed on 26 September 2023 and 10 October 2023.
7. The privatisation proposal by way of scheme of arrangement regarding Sinosoft is pending for, among others, approval by the respective disinterested shareholders at the respective court meeting and general meeting. The privatisation proposals by way of voluntary general offer regarding C.banner Int'l and CPMC are subject to, among others, the respective compulsory acquisition rights being granted to the relevant offerors after having received sufficient valid acceptances by the respective disinterested shareholders of the subject companies.
8. Save for the privatisation proposals stated in Notes 6 and 7 above, all the Privatisation Precedents are successful that the subject companies were either (i) delisted; or (ii) expected to be delisted with the required approval by the respective disinterested shareholders (in the case of Haitong Int'l) or the compulsory acquisition right granted to the relevant offeror after having received sufficient valid acceptances by the relevant disinterested shareholders (in the case of Yongsheng), as at the Latest Practicable Date.

As set out in the above table, the Cancellation Price represents premiums of (i) approximately 22.9% over the 90-day average Closing Price, which is below the average premium but still within the relevant range represented by the Privatisation Precedents; (ii) approximately 43.8% over the 180-day average Closing Price, which is within the relevant range and above the average premium among the Privatisation Precedents; and (iii) approximately 485.5% over the Interim NAV per Share, which is far above the maximum premium of approximately 287.5% over the latest NAV per share offered among the Privatisation Precedents.

We note that, save for the case of China Binary which recorded net liabilities according to its then latest published financial information, there were 14 out of the rest of the 20 Privatisation Precedents offering cancellation/offer price at discount to the then latest NAV per share of the subject companies. As such, the Proposal offering the Cancellation Price at a premium of approximately 485.5% over the Interim NAV per Share is one of the minority Privatisation Precedents offering premium over the NAV per share and such premium is far above the range among the Privatisation Precedents. Accordingly, the Proposal offering the Cancellation Price at a premium of approximately 485.5% over the Interim NAV per Share has been offering better terms than the majority of the Privatisation Precedents and such premium is far above the range among the Privatisation Precedents.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Notwithstanding the above, we note that the Cancellation Price represents the Adjusted NAV Discount of approximately 7.9% as a result of the Property Valuation. We have separately reviewed the Privatisation Precedents in terms of their reassessed NAV per share as adjusted by independent property valuation, if any. Based on this selection criteria, we have identified 7 out of the 21 Privatisation Precedents that have disclosed the reassessed NAV per share as a result of independent property valuation (the “**Selected Reassessed Precedents**”). As shown in the table above, all of the Selected Reassessed Precedents offered cancellation/offer price at discounts ranging from approximately 11.5% to approximately 60.2%, with an average discount of approximately 38.9%, to their respective reassessed NAV per share. The Adjusted NAV Discount of approximately 7.9% is better than the respective discounts offered by the Selected Reassessed Precedents.

The discount to the Closing Price on the Last Trading Day and the premiums over the average Closing Prices for the last 5, 10 and 30 trading days up to and including the Last Trading Day as represented by the Cancellation Price are lower than the range represented by the Privatisation Precedents respectively.

The Scheme Shareholders should be aware that, owing to the trading suspension of the Shares since 31 October 2022, the period under review for price comparison of the Cancellation Price with the Privatisation Precedents of up to the last 180 trading days covers the MGO Offer Period (covering 41 trading days up to and including the Last Trading Day). The Shares were traded by the investors with, among other factors, their perceptions on the Mandatory General Offers with no knowledge on the trading suspension as well as the Proposal and the Scheme during that period of time.

The performance of the Closing Price during the 180-day period under review, in particular the Closing Price on the Last Trading Day and the average Closing Prices for each of the last 5, 10 and 30 trading days up to and including the Last Trading Days, was inevitably influenced by the extraordinary nature of the Mandatory General Offers whereas such factor was absent in the Privatisation Precedents.

The Closing Price was HK\$0.56 per Share on 1 August 2022 but then gradually surged to HK\$0.88 per Share on 29 August 2022 (being the last trading day prior to the MGO Announcement) and retained in the region of HK\$0.84 per Share and HK\$0.89 per Share during the MGO Offer Period, except on the Last Trading Day that the Closing Price was HK\$0.9 per Share. The Scheme Shareholders who purchased the Shares during the aforesaid time intervals experienced price fluctuations with a big difference in returns as implied by the Cancellation Price, ranging from a loss of approximately 1.1% (at HK\$0.9) to a gain of approximately 58.9% (at HK\$0.56).

Save for those Scheme Shareholders who purchased the Shares on the Last Trading Day, the economic benefits implied by the Cancellation Price represent a no less favourable exit alternative for their realization of the investment of the Shares. For the Scheme Shareholders who have been holding the Shares for more than 90 or even 180 trading days prior to and including the Last Trading Day, the economic benefits implied by the Cancellation Price represent a favourable exit alternative, as demonstrated by the premiums of approximately

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22.9% and 43.8% over the respective 90-day and 180-day average Closing Prices which are within the range, or even above the average, of premiums offered among the Privatisation Precedents respectively.

Based on the above together with the trading suspension of the Shares since 31 October 2022 and up to the Latest Practicable Date as well as the Resumption Uncertainties, we consider the Proposal allows an exit opportunity for the Scheme Shareholders, including those who did not accept the Mandatory General Offers and/or have been holding the Shares with no opportunities for trading due to trading suspension of the Shares for over one year, to monetise their investment at a comparable consideration as to the MGO Offer Price.

RECOMMENDATION

Having considered the principal factors and reasons in respect of the Proposal and the Scheme as discussed above, in particular that:

- (i) the financial results of the Group demonstrated a general downturn, with a setback from the net profit in FY2020 and FY2021 to the net loss in FY2022 and FY2023. Despite the projected demand for the elderly care services, it is uncertain as to the Group's ability in navigating the challenging financial landscape and achieving a turnaround to regain profitability in the near future;
- (ii) the trading in the Shares has been suspended since 31 October 2022 and as at the Latest Practicable Date;
- (iii) there are Resumption Uncertainties and, in the event that the trading in the Shares cannot be resumed upon fulfilment of the Public Float Requirement on or before 30 April 2024, the Stock Exchange may exercise its discretion to cancel the listing of the Shares;
- (iv) the Proposal represents:
 - the first available opportunity presented to the Scheme Shareholders for realizing their equity investment in the Company at the fair and reasonable Cancellation Price after trading suspension of the Shares since 31 October 2022; and
 - the last exit opportunity offered by the Offeror to the Scheme Shareholders before the deadline of 30 April 2024 as imposed by the Stock Exchange for the Company to fulfil the Public Float Requirement due to the restrictions under Rule 31.1 of the Takeovers Code;

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- (v) the Proposal, if implemented, allows more flexibilities for the Offeror and the Company to achieve long-term commercial development for the Group and maintain its competitiveness amidst the challenging business environment free from the listing costs and pressure arising from the listing status of the Company given that the Company cannot fully utilize the listing platform as a source of funding and the listing costs and other pressure outweigh the benefits from listing of the Shares;
- (vi) the Proposal, with the Cancellation Price being equal to the MGO Offer Price, allows the Scheme Shareholders, who did not accept the Mandatory General Offers and/or have been holding the Shares with no opportunities for trading due to trading suspension of the Shares for over one year, to monetise their investment at a comparable consideration;
- (vii) the Cancellation Price is above the Closing Prices for approximately 85.3% of the total number of trading days during the Shares Review Period;
- (viii) the Cancellation Price represents a premium of approximately 29.2% over the average Closing Price and is close to the higher end of the Closing Prices during the Shares Review Period;
- (ix) the trading volume of the Shares has been thin during the Shares Review Period and there might not be sufficient liquidity in the Shares for the Scheme Shareholders to dispose of their Shares in the open market without depressing the price of the Shares even if the trading in the Shares was not suspended, or after it is resumed;
- (x) the implied PBR and the implied PSR of the Cancellation Price are considerably higher than the PBRs and the PSRs of the two Comparable Companies;
- (xi) the Cancellation Price represents premiums of approximately 22.9% and 43.8% over the respective 90-day and 180-day average Closing Prices which are within the range, or even above the average, of premiums offered among the Privatisation Precedents;
- (xii) the premium of approximately 485.5% over the Interim NAV per Share, as represented by the Cancellation Price, is far above the maximum premium offered by the Privatisation Precedents during the period under review;
- (xiii) the Scheme Shareholders, who look for long-term investment in similar industry with dividend payouts, may consider to take the Proposal as an opportunity to cash out their equity investment in the Company (which was loss-making with nil dividend payout in recent years) and redeploy the cash proceeds from the Scheme into other investments with better business performance and/or higher potential for cash dividend payouts; and
- (xiv) the Adjusted NAV and the Adjusted NAV per Share, as adjusted by the appreciation amount arising from the revaluation surplus, are unlikely to be realised despite the Adjusted NAV Discount, which is better than the respective discounts offered by the Selected Reassessed Precedents during the period under review,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

we consider that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

As different Shareholders may have different investment criteria, objectives and/or circumstances, we would recommend any of the Scheme Shareholders who may require advice in relation to any aspect of the Scheme 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.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (as revised).

SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES ACT)

1. INTRODUCTION

Reference is made to the Announcement. On 4 October 2023, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Scheme.

Your attention is also drawn to the sections headed “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Advisor” of the Scheme Document and the Scheme set out in Appendix IV to this Scheme Document.

2. TERMS OF THE PROPOSAL

As at the Latest Practicable Date, (i) the issued share capital of the Company comprises 902,880,000 Shares, 32,043,950 of which (representing approximately 3.55% of the total number of Shares in issue) will be regarded as the Scheme Shares and subject to the Scheme; and (ii) the Company has no other outstanding options, warrants, derivatives or securities that are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price of HK\$0.89 in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be simultaneously restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

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Cancellation Price

Under the Scheme, the Cancellation Price will be in the amount of HK\$0.89 per Scheme Share, which amount will be payable by the Offeror to the Scheme Shareholders in the form of cash.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

As at the Latest Practicable Date, (i) the Company had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) the Company did not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be). The Cancellation Price does not include any dividend that may be declared by the Company after the date of this Scheme Document.

Comparison of value

The Cancellation Price of HK\$0.89 represents:

- a discount of approximately 1.11% to the closing price of HK\$0.900 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 0.68% over the average closing price of HK\$0.884 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 0.91% over the average closing price of HK\$0.882 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 1.48% over the average closing price of approximately HK\$0.877 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 22.93% over the average closing price of approximately HK\$0.724 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 43.78% over the average closing price of approximately HK\$0.619 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

EXPLANATORY MEMORANDUM

- a premium of 485.5% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.152 as at 30 September 2023 (calculated based on (i) the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$137.0 million as at 30 September 2023 as extracted from the Company's interim report for the six months ended 30 September 2023 and (ii) 902,880,000 Shares (being the number of Shares in issue as at the Latest Practicable Date); and
- a discount of 7.9% to the Adjusted NAV per Share of approximately HK\$0.966.

Your attention is drawn to (i) the summary of the property valuation as set out in the property valuation report in Appendix II to this Scheme Document pursuant to Rule 11 of the Takeovers Code providing a valuation of the property interests of the Group as at 30 September 2023; and (ii) the section headed "4. Property Interests and Adjusted Net Asset Value" in Appendix I to this Scheme Document which provides details of the computation of the Adjusted NAV.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the historical financial performance and business prospects of the Group.

Highest and lowest prices

Trading in the Shares on the Stock Exchange had been suspended during the Relevant Period.

During the six-month period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.900 on 28 October 2022, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.470 on 28 April 2022.

3. FINANCIAL RESOURCES

KPMG Corporate Finance and Rainbow Capital have been appointed as the joint financial advisors to the Offeror in connection with the Proposal and the Scheme.

On the assumption that no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required for the Offeror to effect the Proposal in full is HK\$28,519,115.50.

The Offeror intends to finance the cash requirement for the Proposal through its internal cash resources.

KPMG Corporate Finance and Rainbow Capital, being the joint financial advisors to the Offeror in respect of the Proposal, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal in full.

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4. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Scheme Shareholders

The Offeror considers the Proposal provides the Scheme Shareholders with an attractive opportunity to realise their investments and interests in the Company for cash. The Cancellation Price represents a premium of approximately (i) 1.48% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (ii) 22.93% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; and (iii) 43.78% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day.

Following the closing of the Mandatory General Offers, given the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules could not be satisfied, trading in the Shares has been suspended since 31 October 2022. Despite all efforts of the Offeror and the Company to restore public float of the Company, no term sheet or formal agreement has been entered into among the Offeror, the Company and the potential investors as at the Latest Practicable Date. If the public float of the Company cannot be restored on or before 30 April 2024, the Stock Exchange may exercise its discretion to cancel the listing of the Shares and subsequently the Shares will become unlisted securities with a substantially reduced liquidity. The illiquidity caused by the trading suspension as well as the cancelled listing status of the Shares is not in the interest of the Scheme Shareholders.

Given the above, the Proposal provides another opportunity for the Scheme Shareholders to monetise their investments in the Company for cash and redeploy the proceeds from the Scheme into other investment opportunities.

For the Offeror and the Company

The Company has not conducted any equity fund raising activities in recent years and maintaining the listing status is of limited significance to the Group from a financing perspective. Before the trading suspension of the Shares on 31 October 2022, the Shares were generally trading at a low price range with a low level of trading liquidity. The daily closing price of the Shares ranged from HK\$0.249 to HK\$0.96 in 2022, while the trading of the Shares was generally illiquid, with an average daily trading volume at approximately 2,689,158 Shares in 2022, representing approximately 0.298% of the total issued Shares as at the Latest Practicable Date and approximately 1.145% of the total number of Shares held by the public Shareholders as at the commencement date of the Mandatory General Offers on 7 October 2022. Under such circumstances, the Company may not be able to fully utilise the listing platform as a source of funding for its long-term growth.

The Offeror believes that the Proposal will be beneficial to the long-term development of the Group. The financial performance of the Company had been adversely affected by the COVID-19 pandemic and the Company recorded losses in the financial years ended 31 March 2022 and 2023, respectively. It is believed that

EXPLANATORY MEMORANDUM

uncertainties of the macro-economy and inflationary pressure will continue to affect the business environment and impose challenges to the business operation of the Group in the near future.

In light of the above, the Offeror believes that the successful implementation of the Proposal will provide more flexibility to the Offeror and the Company, as a privately-owned company, to turnaround the business of the Group, achieve long-term commercial development for the Group and maintain its competitiveness amidst the challenging business environment, free from the pressure of share price fluctuations, regulatory restrictions and compliance requirements because of the Company's listing status. The Proposal, which entails the delisting of the Company, will also allow the Company to save on administrative, compliance and other costs associated with maintaining its listing status.

5. CONDITIONS TO THE PROPOSAL

The Proposal (including the Scheme) will become effective and binding on the Company and all the Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of a poll) at the Court Meeting by the Scheme Shareholders representing not less than 75% of the value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting, provided that the following requirements of Rule 2.10 of the Takeovers Code are satisfied:
 - (i) the Scheme is approved (by way of poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares;
- (b) the passing of:
 - (i) a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy, at the General Meeting to approve and give effect to any reduction of the issued share capital of the Company on the Effective Date by cancelling the Scheme Shares; and
 - (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to, immediately after any reduction of issued share capital, simultaneously increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by the allotment and new issuance at par to the Offeror of the aggregate number of new Shares, credited as fully paid, as is equal to the number of Scheme Shares cancelled and the application of the

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reserve created in the Company's books of account as a result of the capital reduction to pay up in full at par such number of the new Shares to be allotted and issued to the Offeror;

- (c) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of any reduction of the issued share capital of the Company involved in the Scheme, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) to the extent necessary, compliance with the applicable procedural requirements and conditions, if any, under the Companies Act in relation to any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares;
- (e) all necessary Authorisations in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (f) no government, court, or governmental, quasi-governmental, statutory or regulatory body or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (g) since the Announcement Date:
 - (i) there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group which is material in the context of the Group taken as a whole or in the context of the Proposal; and
 - (ii) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

With reference to Conditions (e) and (f), as at the Latest Practicable Date, other than those set out in Conditions (a) to (d) and the approval of the Stock Exchange for the withdrawal of listing of the Shares upon the Scheme becoming effective, the Offeror and the

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Company are not aware of any outstanding authorisations, approvals, permissions, waivers consents, registrations or filings, and are not aware of any matter that would result in Condition (e) or (f) not being capable of satisfaction.

The Conditions (a) to (d) above are not waivable. The Offeror reserves the right to waive any of the Conditions (e) to (g), either in whole or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke such Condition(s) are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop Date, otherwise the Proposal will lapse and the Scheme will not become effective.

As at the Latest Practicable Date, none of the Conditions had been satisfied or waived (where applicable).

If the Scheme becomes effective, it will be binding on all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

6. IRREVOCABLE UNDERTAKINGS

On 3 October 2023 and 4 October 2023, the Offeror received the Irrevocable Undertakings from (i) Mr. Chan Yip Keung and (ii) the personal representatives of the TSB Estate, respectively, who held or had control over 888,000 Shares and 9,400,000 Shares (representing approximately 0.10% and 1.04% of the total number of Shares in issue and approximately 2.77% and 29.33% of the total number of Scheme Shares in issue) as at the Latest Practicable Date, respectively, which aggregate to 10,288,000 Shares (representing approximately 1.14% of the total number of Shares in issue and 32.11% of the total number of Scheme Shares in issue) as at the Latest Practicable Date. Each of the Committed Shareholders is not, and is not presumed to be, acting in concert with (i) the Offeror and (ii) any Offeror Concert Party.

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Pursuant to the Irrevocable Undertakings, each Committed Shareholder has irrevocably and unconditionally undertaken to the Offeror that, among others:

- (a) it/he shall exercise, and shall procure the exercise of, all voting rights attaching to all the Committed Shares in favour of any resolution to be proposed at any general meeting of the Company or at any meeting of holders of Shares convened by a court which is necessary to implement or otherwise relate to the Proposal (including any resolution that may impact on the fulfilment of any condition to the Proposal), and carry out all acts as are necessary for the implementation of the Proposal; and
- (b) it/he shall not, and shall procure that the relevant registered holder of the Committed Shares shall not:
 - (i) except to give effect to the arrangements in the relevant Irrevocable Undertaking, (1) sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Committed Shares or any interest therein; or (2) enter into any agreement in respect of the voting rights or other rights attached to any of the Committed Shares;
 - (ii) except with the prior written consent of the Offeror, purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein;
 - (iii) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, acquisition, merger or other business combination made or proposed to be made in respect of any of the Committed Shares by any person other than the Offeror, or otherwise take any action or express any opinion which is or may be prejudicial to the success of the Proposal; or
 - (iv) enter into any discussion, negotiation, agreement or arrangement or incur any obligation (or permit such circumstances to occur) in relation to (1) the Committed Shares; or (2) any of the acts referred to in sub-paragraphs (i), (ii) or (iii) above, or make available any information to any person (other than the Offeror and any other person authorised by the Offeror) in connection with the foregoing.

Each of the Irrevocable Undertakings shall terminate at the time the Proposal becomes effective, lapsing or is withdrawn in circumstances permitted under the Takeovers Code.

7. BINDING EFFECT OF THE SCHEME

Pursuant to section 86(1) of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

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Section 86(2A) of the Companies Act further provides that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting convened as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

Upon the Scheme becoming effective, it will be binding on the Company and all the Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the General Meeting.

8. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying the requirements under section 86 of the Companies Act as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares.

As at the Latest Practicable Date, the Scheme Shareholders held in aggregate 32,043,950 Shares. On that basis, and assuming that on or before the Meeting Record Date, there is no change in the share capital of the Company and the number of Scheme Shares, 10% of the votes attached to such Scheme Shares is 3,204,395 votes.

For the purpose of counting the votes for (a) and (b) above, the Scheme Shareholders comprise all the Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties.

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9. SHAREHOLDING STRUCTURE

On the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and upon the Effective Date:

Shareholders	As at the Latest Practicable Date		Upon the Effective Date	
	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>
Offeror	870,836,050	96.45	902,880,000	100.0
Scheme Shareholders (including the Committed Shareholders) (Note 5)				
Committed Shareholders				
— TSB Estate	9,400,000 <i>(Note 3)</i>	1.04	—	—
— Mr. Chan Yip Keung	888,000 <i>(Note 4)</i>	0.10	—	—
Sub-total	10,288,000	1.14	—	—
Other Scheme Shareholders	21,755,950	2.41	—	—
Aggregate number of Shares held by Scheme Shareholders	32,043,950	3.55	—	—
Total number of Scheme Shares	32,043,950	3.55	—	—
Total number of Shares	902,880,000	100.00	902,880,000	100.0

Notes:

1. The shareholding percentages in the table are subject to rounding adjustment.
2. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon any such reduction, the issued share capital of the Company will be simultaneously increased to its former amount by the issuance to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued.
3. These 9,400,000 Shares are held by the TSB Estate.
4. These 888,000 Shares are held by Mr. Chan Yip Keung who is an executive Director.
5. Other than Mr. Chan Yip Keung, none of the Directors held any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date.

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10. INFORMATION ON THE OFFEROR

The Offeror is incorporated in the British Virgin Islands 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, namely 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. Chime Corporation Limited is the ultimate holding company of the 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, provides elderly care services and invests in businesses that improves people’s lives and the environment.

11. 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 for the elderly and senior care services.

Your attention is also drawn to the “Financial Information of the Group” and “General Information” set out in Appendix I and Appendix III, respectively, to the Scheme Document.

12. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following implementation of the Proposal, the Offeror intends to work together with the Company’s management to review the structure, business and strategy of the Group and, subject to result of such review and prevailing market conditions, implement appropriate strategies to enhance the Group’s business.

As at the Latest Practicable Date, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to immediately make any major change to the business (including any redeployment of fixed assets) of the Group, or to make any material change to the employment of the Group’s employees as a result of the implementation of the Proposal.

13. PROPOSED WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued fully paid to the Offeror) and the share certificates for the Scheme Shares cancelled and will thereafter cease to have effect as documents or evidence of title.

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The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect after the Effective Date.

The Shareholders will be notified by way of an announcement of the exact date(s) of the last day for dealing in the Shares (if applicable) and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An expected timetable is included in the section headed “Expected Timetable” of the Scheme Document.

14. INDEPENDENT BOARD COMMITTEE AND COMMON DIRECTORSHIPS

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee shall comprise all non-executive Directors who have no direct or indirect interest in the Proposal. Given that (i) Mr. Wong Hung Han is the sole director of the Offeror, (ii) Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For are the directors of Chime Corporation Limited, and (iii) each of the non-executive Directors (namely Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man) holds a senior management position at the Chinachem Group, the Board is of the view that each of the non-executive Directors is not regarded to be independent for the purpose of making a recommendation to the Scheme Shareholders in relation to the Proposal and the Scheme, therefore the above non-executive Directors are not appointed as members of the Independent Board Committee.

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong, has been established by the Board to advise the Scheme Shareholders in connection with the Proposal and the Scheme, and in particular as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) voting in respect of the Scheme at the Court Meeting and the General Meeting.

The full text of the letter from the Independent Board Committee is set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document.

Given (i) Mr. Wong Hung Han is the sole director of the Offeror, (ii) Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For are the directors of Chime Corporation Limited, and (iii) each of the non-executive Directors (namely Mr. Choi Wun Hing Donald, Mr. Wong Hung Han, Mr. Tsang Tin For, Mr. Wu Tat Ming Damein and Ms. Hui Wai Man) holds a senior management position at the Chinachem Group, each of the above non-executive Directors is considered to be interested in the Proposal and therefore did not vote on any resolutions of the Board in relation to the Proposal or express any views or opinions on the Proposal in this Scheme Document in his/her position as a non-executive Director or on behalf of the Board.

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15. INDEPENDENT FINANCIAL ADVISOR

Akron Corporate Finance Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of the Independent Financial Advisor has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Advisor is set out in section headed “Letter from the Independent Financial Advisor” of this Scheme Document.

16. SCHEME SHARES, COURT MEETING AND GENERAL MEETING

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 902,880,000 Shares, 32,043,950 of which (representing approximately 3.55% of the total number of Shares in issue) will be regarded as Scheme Shares and subject to the Scheme;
- (b) all the Shareholders (other than the Offeror and the Offeror Concert Parties) are considered as Scheme Shareholders, and were entitled to vote at the Court Meeting; and
- (c) all the Shareholders were entitled to vote at the General Meeting.

Court Meeting

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering, and if thought fit, passing a resolution by way of a poll to approve the Scheme (with or without modification(s)).

All Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only the votes of the Scheme Shareholders will be counted for the purposes of determining whether the requirements in paragraph (a) in the section headed “5. Conditions to the Proposal” and the requirements set out in the section headed “8. Additional Requirements as imposed by Rule 2.10 of the Takeovers Code” above in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code.

Notice of the Court Meeting is set out in Appendix V to this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Monday, 15 January 2024 at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong.

General Meeting

All the Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the General Meeting on:

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- (a) the special resolution which requires a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy, at the General Meeting to approve and give effect to any reduction of the issued share capital of the Company on the Effective Date by cancelling the Scheme Shares; and
- (b) the ordinary resolution which requires a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to, immediately after any such reduction of issued share capital, simultaneously increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by the allotment and new issuance at par to the Offeror of the aggregate number of new Shares, credited as fully paid, as is equal to the number of Scheme Shares cancelled and the application of the reserve created in the Company's books of account as a result of the capital reduction to pay up in full at par such number of the new Shares to allotted and issued to the Offeror.

The special resolution described in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the General Meeting, are in favour of the special resolution. The ordinary resolution described in the paragraph above will be passed if a simple majority of the votes cast by the Shareholders, present and voting in person or by proxy at the General Meeting, are in favour of the ordinary resolution.

At the General Meeting, the resolutions will be put to the vote by way of poll under article 66(1) of the articles of association of the Company and as required by Rule 13.39(4) of the Listing Rules. Each Shareholder present and voting, either in person or by proxy, will be entitled to vote all of their Shares in favour of (or against) the resolutions. Alternatively, such Shareholder may vote some of their Shares in favour of the resolutions and any of the balance of their Shares against the resolutions (and vice versa).

Notice of the General Meeting is set out in Appendix VI to this Scheme Document. The General Meeting will be held at the same place and on the same date at 10:30 a.m. (or, if later, immediately after the conclusion or adjournment of the Court Meeting).

Results of the Court Meeting and the General Meeting

A joint announcement will be made by the Company and the Offeror on the results of the Court Meeting and the General Meeting no later than 7:00 p.m. on Monday, 15 January 2024.

If the requisite approval is obtained at the Court Meeting and the resolutions are passed at the General Meeting, the Court Hearing will be held for the Grand Court to hear the petition to sanction the Scheme. The Court Hearing is listed to be heard on Friday, 16 February 2024 at 9:30 a.m. (Cayman Islands time). Any Scheme Shareholder who voted at the Court Meeting and any Beneficial Owner who gave voting instructions to a custodian or a clearing house who voted at the Court Meeting have the right to attend, or appear by counsel, and be heard on the Court Hearing.

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Further announcements will be made by the Offeror and the Company in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

17. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders can be found in the section headed “Actions to be Taken” of this Scheme Document.

18. REGISTRATION AND PAYMENT

Closure of the register of members of the Company

Assuming the Scheme Record Date falls on Tuesday, 27 February 2024, it is proposed that the register of members of the Company will be closed from Friday, 23 February 2024 (or such other date as the Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme.

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 22 February 2024.

Payment of the Cancellation Price to the Scheme Shareholders

Upon the Scheme becoming effective, the Cancellation Price of HK\$0.89 per Scheme Share will be paid by the Offeror to the Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 27 February 2024 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Thursday, 7 March 2024.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as at the Scheme Record Date, or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the addressees and none of the Offeror, the Company, KPMG Financial Corporate, Rainbow Capital, the Independent Financial Advisor and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisors, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

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For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees, cheque(s) will be in envelope(s) addressed to and made available for collection by HKSCC Nominees. Upon receipt of the cheque(s), HKSCC Nominees will cause such cash payment to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the “General Rules of CCASS” and “CCASS Operational Procedures” in effect from time to time.

As provided in the Scheme:

- (a) on or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee);
- (b) the Offeror (or its nominee) shall hold such monies represented by such uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction required by law and expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies; and
- (c) on the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction required by law and expenses incurred.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal 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 Scheme Shareholder.

Assuming the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Tuesday, 27 February 2024 (Cayman Islands time).

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19. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Advisor does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

20. TAXATION AND INDEPENDENT ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of the Privatisation Proposal or the Scheme, and in particular, whether the receipt of the Cancellation Price would make them liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, the Company, KPMG Corporate Finance or Rainbow Capital, the Independent Financial Advisor and the Share Registrar, nor any of their respective directors, employees, officers agents, advisors or any other person involved in the Proposal, accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

21. OVERSEAS SCHEME SHAREHOLDERS

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should satisfy themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholder wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including

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the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any actions taken by such overseas Scheme Shareholders in respect of the Proposal will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisors, that those laws and regulatory requirements have been complied with.

Scheme Shareholders residing in jurisdictions other than Hong Kong should consult their professional advisors if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Scheme Shares, as the case may be. It is emphasised that none of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Advisor or any of their respective directors, officers, employees, agents, affiliates or advisors or any other person involved in the Proposal accepts any responsibility in relation to the above.

As at the Latest Practicable Date, there was no overseas Scheme Shareholder whose address as shown in the register of members of the Company was outside Hong Kong.

22. COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee or not recommended as fair and reasonable by the Independent Financial Advisor, all costs and expenses incurred by the Company and the Offeror in connection with the Scheme shall be borne by the Offeror.

Given that the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Advisor, Rule 2.3 of the Takeovers Code is not applicable. The Offeror and the Company have agreed that: (a) all costs, fees, charges and expenses incurred by the Company and/or its advisors and counsels, including the Independent Financial Advisor, will be borne by the Company; (b) all costs, fees, charges and expenses incurred by the Offeror and/or its advisors and counsels will be borne by the Offeror; and (c) other costs, fees, charges and expenses of the Scheme and the Proposal will be shared between the Company and the Offeror equally.

23. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Advisor to the Independent Board Committee in respect of the Proposal as set out in the section headed “Letter from the Independent Financial Advisor” of this Scheme Document.

Your attention is also drawn to the recommendation of the Independent Board Committee to the Scheme Shareholders in respect of the Proposal as set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document.

EXPLANATORY MEMORANDUM

24. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

25. LANGUAGE

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

1. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial information of the Group for each of the three financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 extracted from the annual reports of the Company for the relevant financial years, and for the six months ended 30 September 2022 and 30 September 2023 extracted from the interim report of the Company for the relevant periods.

The auditors' reports issued by the auditors of the Company, PricewaterhouseCoopers, in respect of the audited consolidated financial statements of the Group for each of the three financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

The Company had not declared or distributed any dividend for the three financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 and the six months ended 30 September 2023, and therefore the amount of dividend and dividend per share are not applicable.

Save as disclosed below, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for the three financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 and the six months ended 30 September 2022 and 30 September 2023.

Summary of Consolidated Statement of Profit or Loss

	For the year ended 31 March 2021 (Audited) HK\$'000	For the year ended 31 March 2022 (Audited) HK\$'000	For the year ended 31 March 2023 (Audited) HK\$'000	For the six months ended 30 September 2022 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
Revenue	245,706	267,749	265,269	130,345	151,730
Other income and gains, net	477	945	4,726	4,370	299
Amortisation	(3,092)	(806)	(806)	(403)	(403)
Depreciation	(56,841)	(57,247)	(63,711)	(27,032)	(45,483)
Staff costs	(88,328)	(117,803)	(115,919)	(56,644)	(68,171)
Multidisciplinary fees and related expenses	(10,189)	(15,304)	(12,567)	(5,990)	(8,371)
Property rental and related expenses	(6,906)	(9,489)	(9,436)	(4,390)	(4,185)
Food and beverage costs	(9,561)	(10,232)	(11,128)	(5,402)	(6,151)
Utility expenses	(6,893)	(7,555)	(9,642)	(5,257)	(7,617)
Supplies and consumables	(7,565)	(7,618)	(8,222)	(3,814)	(4,052)
Repair and maintenance	(3,151)	(2,486)	(2,772)	(1,397)	(1,744)
Hygienic and cleaning expenses	(1,270)	(1,461)	(1,527)	(735)	(1,457)
Other operating expenses	(11,324)	(16,833)	(15,372)	(8,458)	(5,608)
Impairment of property, plant and equipment	—	(5,814)	—	—	—
Impairment of amount due from a joint venture	—	(9,910)	(5,404)	(5,404)	—
Change in fair value of financial assets at fair value through profit or loss	—	—	(15,227)	(15,520)	1,671
Release of exchange reserve upon disposal of a subsidiary	—	—	(268)	(268)	—
Finance costs	(14,543)	(10,477)	(22,689)	(4,975)	(21,821)
Share of loss of a joint venture	(15,838)	(13,327)	—	—	—

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	For the year ended 31 March 2021 (Audited) HK\$'000	For the year ended 31 March 2022 (Audited) HK\$'000	For the year ended 31 March 2023 (Audited) HK\$'000	For the six months ended 30 September 2022 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
PROFIT/(LOSS) BEFORE TAX	10,682	(17,668)	(24,695)	(10,974)	(21,363)
Income tax expenses	<u>(7,468)</u>	<u>(6,321)</u>	<u>(3,086)</u>	<u>(1,793)</u>	<u>(2,223)</u>
PROFIT/(LOSS) FOR THE YEAR/PERIOD	<u><u>3,214</u></u>	<u><u>(23,989)</u></u>	<u><u>(27,781)</u></u>	<u><u>(12,767)</u></u>	<u><u>(23,586)</u></u>
Attributable to:					
— Owners of the parent	5,860	(20,633)	(27,781)	(12,767)	(23,586)
— Non-controlling interests	<u>(2,646)</u>	<u>(3,356)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>3,214</u></u>	<u><u>(23,989)</u></u>	<u><u>(27,781)</u></u>	<u><u>(12,767)</u></u>	<u><u>(23,586)</u></u>
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS					
Basic and diluted (Hong Kong cents)	<u><u>0.6</u></u>	<u><u>(2.3)</u></u>	<u><u>(3.1)</u></u>	<u><u>(1.41)</u></u>	<u><u>(2.61)</u></u>

Summary of Consolidated Statement of Comprehensive Income

	For the year ended 31 March 2021 (Audited) HK\$'000	For the year ended 31 March 2022 (Audited) HK\$'000	For the year ended 31 March 2023 (Audited) HK\$'000	For the six months ended 30 September 2022 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD	3,214	(23,989)	(27,781)	(12,767)	(23,586)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations attributable to non-controlling interests and others	226	(17)	—	—	—
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	236	(18)	—	—	—
Release of exchange reserve to profit or loss upon disposal of a subsidiary	—	—	268	268	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	<u>462</u>	<u>(35)</u>	<u>268</u>	<u>(12,499)</u>	<u>(23,586)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	<u>3,676</u>	<u>(24,024)</u>	<u>(27,513)</u>	<u>(12,499)</u>	<u>(23,586)</u>
Attributable to:					
— Owners of the parent	6,096	(20,651)	(27,513)	(12,499)	(23,586)
— Non-controlling interests	<u>(2,420)</u>	<u>(3,373)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>3,676</u>	<u>(24,024)</u>	<u>(27,513)</u>	<u>(12,499)</u>	<u>(23,586)</u>

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the financial year ended 31 March 2021 (“**2021 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the financial year ended 31 March 2022 (“**2022 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the financial year ended 31 March 2023 (“**2023 Financial Statements**”); (iv) the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 (“**2022 Interim Financial Statements**”); and (v) the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2023 (“**2023 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements are set out on pages 146 to 231 of the annual report of the Company for the financial year ended 31 March 2021 (“**Annual Report 2021**”), which was published on 20 July 2021. The Annual Report 2021 is posted on the Company’s website www.pinecaregroup.com and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0720/2021072000401.pdf>

The 2022 Financial Statements are set out on pages 148 to 243 of the annual report of the Company for the financial year ended 31 March 2022 (“**Annual Report 2022**”), which was published on 21 July 2022. The Annual Report 2022 is posted on the Company’s website www.pinecaregroup.com and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0721/2022072100389.pdf>

The 2023 Financial Statements are set out on pages 147 to 239 of the annual report of the Company for the financial year ended 31 March 2023 (“**Annual Report 2023**”), which was published on 20 July 2023. The Annual Report 2023 is posted on the Company’s website www.pinecaregroup.com and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0720/2023072000253.pdf>

The 2022 Interim Financial Statements are set out on pages 29 to 56 of the interim report of the Company for the six months ended 30 September 2022 (“**2022 Interim Report**”), which was published on 2 December 2022. The 2022 Interim Report is posted on the Company’s website www.pinecaregroup.com and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the 2022 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1202/2022120201636.pdf>

The 2023 Interim Financial Statements are set out on pages 23 to 48 of the interim report of the Company for the six months ended 30 September 2023 (“**2023 Interim Report**”), which was published on 4 December 2023. The 2023 Interim Report is posted on the Company’s website www.pinecaregroup.com and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the 2023 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1204/2023120401492.pdf>

The 2021 Financial Statements, 2022 Financial Statements, 2023 Financial Statements and 2023 Interim Financial Statements (but not any other part of the Annual Report 2021, Annual Report 2022, Annual Report 2023, 2022 Interim Report or 2023 Interim Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Scheme Document, the indebtedness of the Group was as follows:

- (a) outstanding bank borrowings of, in aggregate, approximately HK\$598.4 million and a loan from a fellow subsidiary, approximately HK\$20.0 million, which were utilised;
- (b) lease liabilities of, in aggregate, approximately HK\$272.2 million; and
- (c) as at 30 September 2023, land and buildings and construction in progress with an aggregate carrying amount of HK\$587.1 million, and investment in insurance contract with carry amount of HK\$3.6 million were pledged to secure general banking facilities granted to the Group.

Save as set out above and apart from intra-group liabilities and normal trade payables in the normal course of business, as of the close of business on 30 September 2023, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

4. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of the property interests of the Group as at 30 September 2023 was conducted by CBRE Advisory Hong Kong Limited, the independent property valuer appointed by the Company. The properties are valued by the market comparison method which is based on comparing the properties to be valued directly with other comparable properties which have recently transacted. The total market value of the property interests in existing state as at 30 September 2023 attributable to the Group was approximately HK\$1,322.1 million.

For further details, please refer to the property valuation report prepared by CBRE Advisory Hong Kong Limited are set out in Appendix II to this Scheme Document.

Based on the unaudited condensed consolidated balance sheet of the Company as at 30 September 2023, the unaudited consolidated net asset value of the Group as at 30 September 2023 was approximately HK\$137.0 million (or approximately HK\$0.152 per Share).

Given that some of the property interests of the Group were stated at cost less accumulated depreciation and any impairment losses, the Board considers that the appraised value of all the property interests held by the Group is more appropriate to assess the net asset backing of the Group. For this purpose, the Adjusted NAV is prepared, based on the unaudited condensed consolidated balance sheet of the Company as at 30 September 2023 and the adjustment as set out in the table below:

Net asset value of the Group as at 30 September 2023 (unaudited) (HK\$'000) (Note 1)	137,002
Net asset value of each Share as at 30 September 2023 (unaudited) (HK\$) (Note 2)	0.152
<i>Adjustment</i>	
— <i>Add: Revaluation surplus of the land and buildings of the Group</i> <i>(HK\$'000) (Note 3)</i>	<i>734,961</i>
Adjusted NAV of the Group (HK\$'000)	871,963
Adjusted NAV of the Group per Share (HK\$) (Note 2)	0.966

Notes:

1. The unaudited net asset value of the Group as at 30 September 2023 extracted from the interim report of the Company for the six months ended 30 September 2023.
2. Calculated on the basis of 902,880,000 issued Shares of the Company as at the Latest Practicable Date and rounded to 3 decimal places.
3. Being the fair value of the property interests held by the Group as at 30 September 2023 as assessed by CBRE Advisory Hong Kong Limited less the fair value of the property interests held by the Group adopted in the unaudited condensed consolidated balance sheet of the Company as at 30 September 2023. Such difference is mainly arisen from the differences between the valuation methods used by CBRE Advisory Hong Kong Limited and the Group's accounting policies of such property interests as stated in the Company's interim report for the six months ended 30 September 2023.

5. MATERIAL CHANGE

The Directors confirm that, save as disclosed below (which had been disclosed in the interim report of the Company for the six months ended 30 September 2023), there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, 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:

- (a) the revenue of the Group increased by approximately 16.4% from approximately HK\$130.3 million for the six months ended 30 September 2022 to approximately HK\$151.7 million for the six months ended 30 September 2023, primarily attributable to the growth in the revenue and the occupancy rate of upscale residential care homes for the elderly, particularly Pine Residence which has become operational since December 2022 and recorded revenue of approximately HK\$10.3 million during the six months ended 30 September 2023. The growth in the occupancy rate of the other two upscale residential care homes for the elderly (namely Pine Care Place and Pine Care Point) was mainly due to (i) the social and economic activities resuming to full normalcy in Hong Kong with the local COVID-19 pandemic situation continuing to subside during the six months ended 30 September 2023; and (ii) the continuous efforts placed by the management and operation team of the Group in boosting the brand awareness within the targeted upscale market;
- (b) despite the increase in the revenue of the Group, the loss for the period increased by approximately 84.7% from approximately HK\$12.8 million for the six months ended 30 September 2022 to approximately HK\$23.6 million for the six months ended 30 September 2023, primarily attributable to the net effect of the followings:
 - (i) the increase in the depreciation charges for the Group's property, plant and equipment by approximately HK\$18.5 million, or approximately 68.3%, mainly due to the depreciation of right-of-use assets and leasehold improvements of Pine Residence which has become operational since December 2022 (whereas nil for the six months ended 30 September 2022);
 - (ii) the increase in the staff costs and the multidisciplinary fees and related expenses of the Group by approximately HK\$13.9 million, or approximately 22.2%, mainly due to the net effect of (1) the commencement of operation of Pine Residence; (2) the absence of the non-recurring subsidies under the Employment Support Scheme of the Hong Kong Government for the six months ended 30 September 2023 (which amounted to approximately HK\$4.1 million for the six months ended 30 September 2022); (3) the general salary increment and addition of manpower recruited through employment agencies as a result of the tight manpower situation in the healthcare industry during the six months ended 30 September 2023; and (4) the absence of the non-cash share option expenses in relation to the share options granted by the Company for the six months ended 30 September 2023 (which amounted to approximately HK\$1.8 million for the six months ended 30 September 2022);

- (iii) the increase in the finance costs of the Group by approximately HK\$16.8 million, or approximately 338.6%, due to the surge in interest rates;
 - (iv) the fair value gain on financial assets at fair value through profit or loss of approximately HK\$1.7 million recognised on the Group's investment in listed securities during the six months ended 30 September 2023, as compared to the fair value loss on financial assets at fair value through profit or loss of approximately HK\$15.5 million recognised in respect of the Group's investment in unlisted equity securities during the six months ended 30 September 2022; and
 - (v) the absence of the impairment on amount due from a joint venture of the Group for the six months ended 30 September 2023, as compared to the recognition of an impairment on the entire amount due from the joint venture of the Group of approximately HK\$5.4 million for the six months ended 30 September 2022 as the Group considered the possibility of recovering such amount to be remote given the execution of a deed of termination in July 2022 to terminate the tenancy agreement of the joint venture leading to the subsequent cessation of its operation of both the residential care home for the elderly and the serviced apartments in August 2022 and December 2022, respectively. With no additional advance made to the joint venture upon the recognition of the aforesaid impairment during the six months ended 30 September 2022, nil impairment was recognised for the six months ended 30 September 2023;
- (c) the total equity of the Group decreased by approximately 14.7% from approximately HK\$160.6 million as at 31 March 2023 to approximately HK\$137.0 million as at 30 September 2023 as a result of the abovementioned loss for the six months ended 30 September 2023; and
- (d) Pine Care Jade Maison, the first contract home operated by the Group, located at the Multi-welfare Services Complex in Kwu Tung North New Territories, has become operational in October 2023, offering 150 government-subsidised and 100 non-subsidised residential places to offer continuous care services for the elderly who are rated as suitable for residential care services under the Standardised Care Need Assessment Mechanism for Elderly Services implemented by the Social Welfare Department of the Hong Kong Government.

The following is the full text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Scheme Document received from CBRE Advisory Hong Kong Limited (“CBRE”), an independent valuer, in connection with the valuation of the properties held by the Group as at 30 September 2023.

CBRE

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太古廣場一期27樓
電話 852 2820 2800 傳真 852 2810 0830

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地產代理（公司）牌照號碼
Estate Agent’s Licence No: C-093779

Pine Care Group Limited

8/F, 1163 Canton Road
Mong Kok
Kowloon, Hong Kong

Dear Sirs,

Re: Various properties located in Hong Kong (the “Properties”)

We refer to the instruction from Pine Care Group Limited (the “**Client**”) for us to carry out valuation of the leasehold interests of the Properties held by the Client and its subsidiaries (the “**Group**”) as at the Date of Valuation (defined hereinafter). Details are set out in the attached valuation reports. We confirm that we have inspected the Properties, conducted land searches at the Land Registry, made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties in existing state as at 30 September 2023 (“**the Date of Valuation**”).

Valuation Basis

Our valuation is prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors (“**the HKIS**”), the RICS Valuation — Global Standards effective from 31st January 2022 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and International Valuation Standards (“**IVS**”) published by the International Valuation Standards Council.

Our valuation is made on the basis of Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

We have also complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Rule 11 of the Takeovers Code published by the Securities and Futures Commission and HKIS Valuation Standards 2020.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Properties on the open market in its existing state without the benefit or burden of a deferred term contract, leaseback, joint venture, or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the Properties nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Unless otherwise stated in the relevant valuation certificate, we have valued the Properties on the assumption that it is freely disposable and transferable for the whole unexpired land lease term without the need for any extra land premium payment.

We have assumed that the Properties are erected within the lot boundaries. No site investigation has been carried out to determine the suitability of the subsoil condition, services, etc. for development and we have assumed that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of land, if any, which may have occurred as a result of past usage.

Unless otherwise disclosed in the relevant valuation certificate, our valuation assumes that the use of the Properties comply with the land lease, license and all other statutory regulations.

We have not undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory that no extraordinary expenses will be incurred due to any archaeological or ecological matter.

In the course of our valuation, unless otherwise disclosed in the relevant valuation certificate, we have assumed that the building orders/notices registered against the Properties are complied with the satisfaction of the Building Authority and we have not taken into account the costs in respect of the above remedial works.

Valuation Methodology

We have adopted the Market Comparison Method in assessing the Market Value in existing state of the Properties.

The Market Comparison Method is the most widely used method of valuation and is based on comparing the Properties to be valued directly with other comparable properties which have recently transacted. Given that comparable properties are readily available, we have adopted the Market Comparison Method for the valuation of the Properties. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the value likely to be achieved by the Properties under consideration. In the course of our valuation, we have made appropriate adjustments for relevant factors including time, location, floor level, accessibility, size, building age, headroom etc. to the comparables to reflect the differences between the comparables and the Properties.

Potential Tax Liabilities

As advised by the Company, we understand that the Group has no immediate plan to dispose of or transfer the interests in the Properties, and therefore the likelihood of the relevant tax liabilities crystallising is remote. Further, it is stated in the Scheme Document that the Offeror intends to continue to carry on the current business of the Group and has no specific plans to immediately make any major change to the business of the Group, including any major redeployment of the fixed assets of the Group.

Nevertheless, as advised by the Group, the potential tax liabilities that will arise on direct disposal of the Properties held by the Group at amounts valued by us may include the following:

- Ad Valorem Stamp Duty at progressive rates up to 7.5% on the transaction amount (of which both the buyer and the seller are jointly and severally liable, be it calculated at Scale 1 or Scale 2) and as follows according to the information from the Inland Revenue Department:

I. Part 1 of Scale 1

Applicable to instruments of residential property (except an agreement/conveyance for a residential property where the purchaser/transferee is a Hong Kong permanent resident (HKPR) who is acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition of the property irrespective of whether the purchaser/transferee is acquiring a residential property for the first time):

A flat rate of 7.5% of the consideration or value of the property (whichever is the higher)

II. Part 2 of Scale 1

Not applicable

III. Scale 2

Applicable to (i) instruments of a non-residential property; and (ii) instruments of a residential property where the purchaser/transferee is a Hong Kong permanent resident (HKPR) who is acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition:

Amount or value of the consideration (whichever is the higher)		Rates at Scale 2
Exceeds	Does not exceed	
	\$3,000,000	\$100
\$3,000,000	\$3,528,240	\$100 + 10% of excess over \$3,000,000
\$3,528,240	\$4,500,000	1.5%
\$4,500,000	\$4,935,480	\$67,500 + 10% of excess over \$4,500,000
\$4,935,480	\$6,000,000	2.25%
\$6,000,000	\$6,642,860	\$135,000 + 10% of excess over \$6,000,000
\$6,642,860	\$9,000,000	3%
\$9,000,000	\$10,080,000	\$270,000 + 10% of excess over \$9,000,000
\$10,080,000	\$20,000,000	3.75%
\$20,000,000	\$21,739,120	\$750,000 + 10% of excess over \$20,000,000
\$21,739,120		4.25%

- Profit Tax at 16.5% on gain.

According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liabilities.

Source of Information

We have relied on information provided by Pine Care Group Limited, in particular, but not limited to floor areas, licences for RCHes, particulars of occupancy and other relevant information. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation reports are only approximations based on construction documents such as the approved building plans, inspection certificates, architectural plan, construction confirmation application, survey plan, completion drawing, and/or engineering reports, etc. provided by the Pine Care Group Limited. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Pine Care Group Limited, which is material to the valuation. We were also advised by the Pine Care Group Limited that no material facts have been omitted from the information provided to us.

CBRE has conducted land searches at the Land Registry for the Properties. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. It is assumed that, unless otherwise disclosed in the relevant valuation certificate, the Properties has no known encumbrances or liens that would adversely affect the market value of the Properties. In the course of our valuation, we have relied on information provided by the Pine Care Group Limited.

Property Inspection

We have inspected the interior and exterior of the Properties in October 2023. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey, nor any tests were made on the building services, nor any investigation to determine the presence of any deleterious or hazardous material in the Properties. Therefore, we are not able to report whether the Properties is free of rot, infestation, deleterious materials or any other structural defects.

We have not carried out site measurements to verify the correctness of the areas of the Properties. We have assumed that the areas shown on the documents and site plans provided to us are correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

Currency

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollar (“**HK\$**”).

Disclaimer

- i. This Valuation Report (“**Valuation Report**”) is for the sole use of Pine Care Group Limited (the “**Client**”) and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared this Valuation Report of the Properties relying on and referring to information provided by third parties including financial and market information (“**Information**”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect.
- iii. CBRE has prepared this Valuation Report for inclusion within the scheme document issued jointly by the offeror and the Company (the “**Scheme Document**”) but has not been involved in the preparation of the remainder of the Scheme Document. CBRE does not approve or endorse any part of the Scheme Document. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Scheme Document.
- iv. This valuation reports draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex and the market conditions

have changed and/or have been uncertain in recent years in which we saw a combination of social unrest in Hong Kong, the global COVID-19 pandemic and the global inflationary pressures (leading to higher interest rates). Any references to value within the Scheme Document must be read and considered together with the Valuation Report.

- v. CBRE's valuation report may not be reproduced in whole or in part without the prior written approval of CBRE.
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- x. CBRE is not a financial advisor and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- xi. None of the information in the Valuation Reports constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

We enclose herewith our summary of values and valuation reports.

Yours faithfully,
For and on behalf of
CBRE Advisory Hong Kong Limited

Eddie Kwok
FRICS FHKIS RPS(GP) RICS Registered Valuer
Senior Director
Valuation & Advisory Services

Note: Eddie Kwok is a Fellow of the Royal Institution of Chartered Surveyors (RICS), a Fellow of the Hong Kong Institute of Surveyors (HKIS), Registered Professional Surveyor (General Practice Division) as well as a RICS Registered Valuer with over 27 years' experience in real estate valuation in Hong Kong.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 30 September 2023	Interest attributable to the Group	Market value in existing state as at 30 September 2023 attributable to the Group
1.	Shops 89 & 91 on Ground Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Kowloon	HK\$50,700,000	100%	HK\$50,700,000
2.	The whole of 1st Floor and 2nd Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Kowloon	HK\$70,700,000	100%	HK\$70,700,000
3.	Shop No. 10 on Ground Floor and whole 1st Floor, Elly House, Nos. 57-69 Hong Ning Road & Nos. 32-38 & 38A Tung Ming Street, Kowloon	HK\$85,500,000	100%	HK\$85,500,000
4.	The premises affect cinema occupying the western portion of the Ground, First, Second & Third Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Kowloon	HK\$204,000,000	100%	HK\$204,000,000
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143-145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	HK\$198,400,000	100%	HK\$198,400,000
6.	Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), Remaining Part of the Premises (namely, the whole of 1/F and 2/F including the staircases adjacent to shops Nos. 1, 6 and 7 leading from G/F to 2/F Level), Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories	HK\$323,900,000	100%	HK\$323,900,000

No.	Property	Market value in existing state as at 30 September 2023	Interest attributable to the Group	Market value in existing state as at 30 September 2023 attributable to the Group
7.	Front portion of Shop G1B and portion B of Shop G2 on Ground Floor, portion A of Shop U2B on Upper Ground Floor and the space beneath the staircase and landing on the Upper Ground Floor, portion B of Shop U2B on Upper Ground Floor and Whole 1/F to 3/F and portion on 4/F shown as area to be served for A/C Tower of 1, 2, 3 Floor Restaurant on plan annexed to Mem. No. UB1393546, Maintown Plaza of Nam Cheong Commercial Building, Nos. 223/237 Nam Cheong Street, No. 16 Wai Chi Street, Kowloon	HK\$341,100,000	100%	HK\$341,100,000
8.	Workshop 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories	HK\$13,500,000	100%	HK\$13,500,000
9.	Unit A and B on 12/F, Sang Hing Industrial Building, Nos.81-83 Ta Chuen Ping Street, Kwai Chung, New Territories	HK\$19,600,000	100%	HK\$19,600,000
10.	Flat No.1 on 4/F Wah Fat Building, Nos. 91, 91A, 93-103 & 103A Hong, Ning Road & Nos. 60, 60A, 62-72 & 72A Tung Ming Street, Kowloon	HK\$5,200,000	100%	HK\$5,200,000
11.	Flat C on 4th Floor, Yau Lee Building, Nos.9-27 Yee On Street, Kowloon	HK\$5,100,000	100%	HK\$5,100,000
12.	Flat H On 18/F, Che Wah Building, No.8 Po Ying Lane Kowloon	HK\$4,400,000	100%	HK\$4,400,000
	Total:*	<u>HK\$1,322,100,000</u>		<u>HK\$1,322,100,000</u>

* *Note, the Total value outlined is a sum of the individual property values, NOT the value of the portfolio if sold in one transaction. Should the portfolio of Properties be sold in one transaction, a discount is likely to be required.*

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
<p>1. Shops 89 & 91 on Ground Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Kowloon</p> <p>(4/97 equal and undivided shares of and in Kowloon Inland Lot No. 2348 S.A. R.P., No. 2349 R.P., No. 2350 R.P. & No. 2351 R.P.)</p>	<p>The property comprises a shop unit on the ground floor of Tak Fung Building, which is a 16-storey composite building completed in 1970. As inspected, the property is occupied as an elderly home together with the whole of the 1st Floor and the 2nd Floor of Tak Fung Building.</p> <p>As per our measurement from the approved additions and alterations plans dated 19 March 2012, the saleable area of the property is approximately 1,872 sq. ft. (173.91 sq. m.).</p>	<p>The property is currently occupied by the Group as a portion of an elderly home.</p>	<p>HK\$50,700,000</p> <p>(HONG KONG DOLLARS FIFTY MILLION AND SEVEN HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$50,700,000)</p>
	<p>The locality of the property is served by public transport services and characterised by residential buildings and tenement blocks of various ages.</p>		
	<p>The property is held under the Government Leases for a term of 75 years from 4 March 1929 and further renewed for 75 years. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>		

Notes:

- (1) The property was inspected on 30 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Fitgarden Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 10101302340080 dated 20 September 2010.
- (3) The property is zoned for “Residential (Group A)” use under the approved Mong Kok Outline Zoning Plan No. S/K3/36 dated 9 June 2023
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant Memorial No. UB752269 registered on 6 August 1970.
 - ii. Mortgage in favour of Hang Seng Bank Limited for a consideration of all moneys vide Memorial No. 10101302340096 dated 20 September 2010.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 June 2022 to 31 May 2024 with Licence No. 15189 under the Residential Care Homes (Elderly Persons) Ordinance.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023								
2. The whole of 1st Floor and 2nd Floor, Tak Fung Building, Nos. 85, 85A, 87, 89, 91 & 91A Lai Chi Kok Road, Kowloon (12/97 equal and undivided shares of and in Kowloon Inland Lot No. 2348 S.A. R.P., No. 2349 R.P., No. 2350 R.P. & No. 2351 R.P.)	<p>The property comprises a shop unit on the whole of the 1st floor and the 2nd floor of Tak Fung Building, which is a 16-storey composite building completed in 1970. As inspected, the property is occupied as an elderly home together with Shops 89 & 91 on Ground Floor of Tak Fung Building.</p> <p>As per our measurement from the approved additions and alterations plans dated 19 March 2012, the saleable area of the property is approximately 6,488 sq. ft. (602.75 sq. m.) with breakdown as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Floor</th> <th>Saleable Area (Approx.)</th> </tr> </thead> <tbody> <tr> <td>1/F</td> <td>3,181 sq. ft. (295.52 sq. m.)</td> </tr> <tr> <td>2/F</td> <td>3,307 sq. ft. (307.23 sq. m.)</td> </tr> <tr> <td>Total:</td> <td>6,488 sq. ft. (602.75 sq. m.)</td> </tr> </tbody> </table>	Floor	Saleable Area (Approx.)	1/F	3,181 sq. ft. (295.52 sq. m.)	2/F	3,307 sq. ft. (307.23 sq. m.)	Total:	6,488 sq. ft. (602.75 sq. m.)	<p>The property is currently occupied by the Group as a portion of an elderly home.</p>	<p>HK\$70,700,000 (HONG KONG DOLLARS SEVENTY MILLION AND SEVEN HUNDRED THOUSAND) (100% attributable to the Group: HK\$70,700,000)</p>
Floor	Saleable Area (Approx.)										
1/F	3,181 sq. ft. (295.52 sq. m.)										
2/F	3,307 sq. ft. (307.23 sq. m.)										
Total:	6,488 sq. ft. (602.75 sq. m.)										
	<p>The locality of the property is served by public transport services and characterised by residential buildings and tenement blocks of various ages.</p> <p>The property is held under the Government Lease for a term of 75 years from 4 March 1929 and further renewed for 75 years. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>										

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Mainfield Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 10101302340068 dated 20 September 2010.
- (3) The property is zoned for “Residential (Group A)” use under the approved Mong Kok Outline Zoning Plan No. S/K3/36 dated 9 June 2023
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant Memorial No. UB752269 registered on 6 August 1970.
 - ii. Mortgage in favour of Hang Seng Bank Limited for a consideration of all moneys vide Memorial No. 10101302340073 dated 20 September 2010.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 June 2022 to 31 May 2024 with Licence No. 15189 under the Residential Care Homes (Elderly Persons) Ordinance.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023										
3. Shop No. 10 on Ground Floor and whole 1st Floor, Elly House, Nos. 57-69 Hong Ning Road & Nos. 32-38 & 38A Tung Ming Street, Kowloon	The property comprises a shop unit on the upper ground floor onto Tung Ming Street and the whole of the 1st Floor of Elly House, which is a composite building completed in 1974. As inspected, the property is occupied as an elderly home.	The property is currently occupied by the Group as an elderly home.	HK\$85,500,000 (HONG KONG DOLLARS EIGHTY-FIVE MILLION AND FIVE HUNDRED THOUSAND)										
(36/390 equal and undivided shares of and in Kwun Tong Inland Lot No. 690)	As per our measurement from the registered floor plan, the saleable area of the property is approximately 8,472 sq. ft. (787.07 sq. m.) with breakdown as follows:		(100% attributable to the Group: HK\$85,500,000)										
	<table border="0"> <thead> <tr> <th style="text-align: left;">Floor</th> <th style="text-align: right;">Saleable Area (Approx.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td style="text-align: right;">579 sq. ft. (53.79 sq. m.)</td> </tr> <tr> <td>1/F</td> <td style="text-align: right;">7,893 sq. ft. (733.28 sq. m.)</td> </tr> <tr> <td></td> <td style="text-align: right;"><hr/></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">8,472 sq. ft. (787.07 sq. m.)</td> </tr> </tbody> </table>	Floor	Saleable Area (Approx.)	G/F	579 sq. ft. (53.79 sq. m.)	1/F	7,893 sq. ft. (733.28 sq. m.)		<hr/>	Total:	8,472 sq. ft. (787.07 sq. m.)		
Floor	Saleable Area (Approx.)												
G/F	579 sq. ft. (53.79 sq. m.)												
1/F	7,893 sq. ft. (733.28 sq. m.)												
	<hr/>												
Total:	8,472 sq. ft. (787.07 sq. m.)												
	The locality of the property is served by public transport services and characterised by retail/residential composite buildings of various ages.												
	The property is held under Conditions of Sale No. 10132 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.												

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Chun Fai Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB3346489 dated 26 March 1987.
- (3) The property is zoned for “Residential (Group A)” use under the approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/24 dated 25 March 2022.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide Memorial No. UB1140911 registered on 5 February 1975.
 - ii. Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited for a consideration see memorial vide Memorial No. UB9300935 dated 20 July 2004.
 - iii. Deed of Variation and further charge in favour of Hang Seng Bank Limited for a consideration to secure all moneys in respect of general banking facilities vide Memorial No. 07111501770087 dated 8 November 2007.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 July 2022 to 30 June 2024 with Licence No. 15237 under the Residential Care Homes (Elderly Persons) Ordinance.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023												
<p>4. The premises affect cinema occupying the western portion of the Ground, First, Second & Third Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Kowloon</p> <p>(249/2,900 equal and undivided shares of and in New Kowloon Inland Lot No. 5301)</p>	<p>The property comprises shop units on portions of the Ground Floor, the whole of the 1st Floor, the 2nd Floor & the 3rd Floor of Manning Theatre Building, which is a 33-storey composite building completed in 1973. As inspected, the property is occupied as an elderly home.</p> <p>As per our measurement from the approved additions and alterations plans dated 21 October 2002, the saleable area of the property is approximately 18,478 sq. ft. (1,716.65 sq. m.) with breakdown as follows:</p>	<p>The property is currently occupied by the Group as an elderly home.</p>	<p>HK\$204,000,000</p> <p>(HONG KONG DOLLARS TWO HUNDRED AND FOUR MILLION)</p> <p>(100% attributable to the Group: HK\$204,000,000)</p>												
	<table border="1"> <thead> <tr> <th data-bbox="539 985 603 1012">Floor</th> <th data-bbox="770 953 922 1012">Saleable Area (Approx.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="539 1049 579 1076">G/F</td> <td data-bbox="762 1049 922 1108">2,450 sq. ft. (227.61 sq. m.)</td> </tr> <tr> <td data-bbox="539 1112 579 1140">1/F</td> <td data-bbox="762 1112 922 1172">6,975 sq. ft. (648.00 sq. m.)</td> </tr> <tr> <td data-bbox="539 1176 579 1204">2/F</td> <td data-bbox="762 1176 922 1236">6,480 sq. ft. (602.01 sq. m.)</td> </tr> <tr> <td data-bbox="539 1240 579 1268">3/F</td> <td data-bbox="762 1240 922 1300">2,573 sq. ft. (239.04 sq. m.)</td> </tr> <tr> <td data-bbox="539 1347 603 1374">Total:</td> <td data-bbox="738 1347 922 1406">18,478 sq. ft. <u>(1,716.65 sq. m.)</u></td> </tr> </tbody> </table>	Floor	Saleable Area (Approx.)	G/F	2,450 sq. ft. (227.61 sq. m.)	1/F	6,975 sq. ft. (648.00 sq. m.)	2/F	6,480 sq. ft. (602.01 sq. m.)	3/F	2,573 sq. ft. (239.04 sq. m.)	Total:	18,478 sq. ft. <u>(1,716.65 sq. m.)</u>		
Floor	Saleable Area (Approx.)														
G/F	2,450 sq. ft. (227.61 sq. m.)														
1/F	6,975 sq. ft. (648.00 sq. m.)														
2/F	6,480 sq. ft. (602.01 sq. m.)														
3/F	2,573 sq. ft. (239.04 sq. m.)														
Total:	18,478 sq. ft. <u>(1,716.65 sq. m.)</u>														
	<p>The locality of the property is served by public transport services and characterised by residential buildings.</p>														
	<p>The property is held under Conditions of Sale No. UB9735 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>														

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Grant Smart Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB8383787 dated 24 April 2001.
- (3) The property is zoned for “Residential (Group A)” use under the approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/31 dated 5 May 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide Memorial No. UB1082508 registered on 19 June 1974.
 - ii. No-objection Letter from the Government dated 19 April 2002.
 - iii. Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited for a consideration see memorial vide Memorial No. UB9300932 dated 20 July 2004.
 - iv. Deed of Variation and further charge in favour of Hang Seng Bank Limited for a consideration to secure all moneys in respect of general banking facilities vide Memorial No. 07111501770073 dated 8 November 2007.
 - v. Notice No. “UMB/MB01/2101–015/0001” by the Building Authority under S. 30B(3) of the Buildings Ordinance (re: common part(s) only) vide Memorial No. 23011301580157 dated 2 June 2022.
 - vi. Notice No. “UMW/MB01/2101–015/0001” by the Building Authority under S. 30C(3) of the Buildings Ordinance (re: common part(s) only) vide Memorial No. 23011301580169 dated 2 June 2022.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 August 2023 to 31 July 2025 with Licence No. 15716 under the Residential Care Homes (Elderly Persons) Ordinance.

Remarks: The registered notices by the Building Authority were addressed to The Incorporated Owners of Manning Theatre Building in regard to the common parts of the building. As advised by the Company, the notices are currently outstanding.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	The property comprises a shop unit from the 1st Floor to the 3rd Floor with an exclusive entrance on the Ground Floor of Dollar Building, which is a 23-storey composite building completed in 1982. As inspected, the property is occupied as an elderly home. As per our measurement from the approved additions and alterations plans dated 29 June 2006, the saleable area of the property is approximately 11,850 sq. ft. (1,100.89 sq. m.) with breakdown as follows:	HK\$198,400,000 (HONG KONG DOLLARS ONE HUNDRED NINETY-EIGHT MILLION AND FOUR HUNDRED THOUSAND) (100% attributable to the Group: HK\$198,400,000)
		Saleable Area (Approx.)	
	(1,230/2900 equal and undivided shares of and in Shaukiwan Inland Lot No. 442)	Floor	
		G/F	225 sq. ft. (20.90 sq. m.)
		1/F	3,595 sq. ft. (333.98 sq. m.)
		2/F	4,015 sq. ft. (373.00 sq. m.)
		3/F	4,015 sq. ft. (373.00 sq. m.)
		<u>Total:</u>	<u>11,850 sq. ft. (1,100.89 sq. m.)</u>
			The locality of the property is served by public transport services and characterised by residential buildings and composite buildings.
			The property is held under the Government Lease for a term of 999 years from 16 January 1860. The current Government Rent payable for the property is an amount equal to \$13.78 per annum.

Notes:

- (1) The property was inspected on 30 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Wellfield Properties Development Limited, a wholly-owned subsidiary of the Company, as per a Certificate of Change of Name vide Memorial No. 07071700290102 dated 17 August 2006.
- (3) The property is zoned for “Residential (Group A) 2” use under the draft Shau Kei Wan Outline Zoning Plan No. S/H9/19 dated 23 June 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant with Plan vide Memorial No. UB2362533 registered on 26 January 1983.
 - ii. Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited for a consideration of all moneys (PT.) vide Memorial No. 12082901960047 dated 06 August 2012.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 August 2022 to 31 July 2024 with Licence No. 15258 under the Residential Care Homes (Elderly Persons) Ordinance.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023												
6. Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), Remaining Part of the Premises (namely, the whole of 1/F and 2/F including the staircases adjacent to shops Nos.1, 6 and 7 leading from G/F to 2/F Level), Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories (39/226 equal and undivided shares of and in Kwai Chung Town Lot No. 181)	<p>The property comprises a shop unit on the Ground Floor including the cockloft thereof, the whole office on the 1st Floor and the 2nd Floor and a residential unit including a flat roof on the 3rd Floor of Win Fong Heights, which is a 22-storey composite building completed in 1977. As inspected, the property is occupied as an elderly home.</p> <p>As per our measurement from the registered floor plans, the saleable area of the property is approximately 24,746 sq. ft. (2,298.96 sq. m.) with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Floor</th> <th>Saleable Area (Approx.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td>735 sq. ft. (68.28 sq. m.)</td> </tr> <tr> <td>1/F</td> <td>11,776 sq. ft. (1,094.02 sq. m.)</td> </tr> <tr> <td>2/F</td> <td>11,776 sq. ft. (1,094.02 sq. m.)</td> </tr> <tr> <td>3/F</td> <td>459 sq. ft. (42.64 sq. m.)</td> </tr> <tr> <td>Total:</td> <td>24,746 sq. ft. <u>(2,298.96 sq. m.)</u></td> </tr> </tbody> </table>	Floor	Saleable Area (Approx.)	G/F	735 sq. ft. (68.28 sq. m.)	1/F	11,776 sq. ft. (1,094.02 sq. m.)	2/F	11,776 sq. ft. (1,094.02 sq. m.)	3/F	459 sq. ft. (42.64 sq. m.)	Total:	24,746 sq. ft. <u>(2,298.96 sq. m.)</u>	The property is currently occupied by the Group as an elderly home.	<p>HK\$323,900,000</p> <p>(HONG KONG DOLLARS THREE HUNDRED TWENTY-THREE MILLION AND NINE HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$323,900,000)</p>
Floor	Saleable Area (Approx.)														
G/F	735 sq. ft. (68.28 sq. m.)														
1/F	11,776 sq. ft. (1,094.02 sq. m.)														
2/F	11,776 sq. ft. (1,094.02 sq. m.)														
3/F	459 sq. ft. (42.64 sq. m.)														
Total:	24,746 sq. ft. <u>(2,298.96 sq. m.)</u>														

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
	<p>The ancillary area of the property is approximately 24,746 sq. ft. (2,298.96 sq. m.) with breakdown as follows:</p>		
	Ancillary Area	<p align="center">Internal Floor Area (Approx.)</p>	
	Flat Roof on 3/F	<p align="center">1,279 sq. ft. (118.82 sq. m.)</p>	
	Cockloft	<p align="center">326 sq. ft. <u>(30.29 sq. m.)</u></p>	
	Total:	<p align="center">1,605 sq. ft. <u>(149.11 sq. m.)</u></p>	

The locality of the property is served by public transport services and characterised by residential buildings and composite buildings.

The property is held under New Grant No. TW4842 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Ruby International Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. TW1153774 dated 10 July 1997.
- (3) The property is zoned for “Residential (Group A)” use under the approved Kwai Chung Outline Zoning Plan No. S/KC/32 dated 13 October 2023.
- (4) The property is subject to the following encumbrances:

For the entire property:

- i. Deed of Covenant vide Memorial No. TW141619 registered on 28 April 1977.
- ii. Occupation Permit vide Memorial No. TW140182 dated 07 March 1977.
- iii. Sub-Deed of Mutual Covenant vide Memorial No. TW1269787 dated 13 January 1999.

For Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F) and Remaining Part of the Premises (namely, the whole of 1/F and 2/F including the staircases adjacent to shops Nos.1, 6 and 7 leading from G/F to 2/F Level) of the property only:

- iv. Deed Poll with Plans vide Memorial No. TW1259686 dated 09 September 1998.
- v. Mortgage in favour of Nanyang Commercial Bank, Limited for a consideration of all moneys (PT.) vide Memorial No. 23041700390037 dated 31 March 2023.

For Flat C on 3rd Floor and Flat Roof of the property only:

- vi. Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited for a consideration of all moneys (PT.) vide Memorial No. 12082901960021 dated 6 August 2012.

- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 September 2023 to 31 August 2025 with Licence No. 15740 under the Residential Care Homes (Elderly Persons) Ordinance.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023														
7. Front portion of Shop G1B and portion B of Shop G2 on Ground Floor, portion A of Shop U2B on Upper Ground Floor and the space beneath the staircase and landing on the Upper Ground Floor, portion B of Shop U2B on Upper Ground Floor and Whole 1/F to 3/F and portion on 4/F shown as area to be served for A/C Tower of 1, 2, 3 Floor Restaurant on plan annexed to Mem. No. UB1393546, Maintown Plaza of Nam Cheong Commercial Building, Nos. 223/237 Nam Cheong Street, No. 16 Wai Chi Street, Kowloon	<p>The property comprises a shop unit on various portions on the Ground Floor, the whole of the 1st Floor, the 2nd Floor and the 3rd Floor of Maintown Plaza of Nam Cheong Commercial Building, which is an 11-storey composite building completed in 1974. As inspected, the property is occupied as an elderly home.</p> <p>As per our measurement from the registered floor plan, the saleable area of the property is approximately 29,867 sq. ft. (2,774.71 sq. m.) with breakdown as follows:</p>	The property is currently occupied by the Group as an elderly home.	<p>HK\$341,100,000</p> <p>(HONG KONG DOLLARS THREE HUNDRED FORTY-ONE MILLION AND ONE HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$341,100,000)</p>														
	<table border="1"> <thead> <tr> <th>Floor</th> <th>Saleable Area (Approx.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td>2,014 sq. ft. (187.11 sq. m.)</td> </tr> <tr> <td>UG/F</td> <td>1,625 sq. ft. (150.97 sq. m.)</td> </tr> <tr> <td>1/F</td> <td>8,492 sq. ft. (788.93 sq. m.)</td> </tr> <tr> <td>2/F</td> <td>9,074 sq. ft. (843.00 sq. m.)</td> </tr> <tr> <td>3/F</td> <td>8,662 sq. ft. (804.72 sq. m.)</td> </tr> <tr> <td>Total:</td> <td>29,867 sq. ft. <u>(2,774.71 sq. m.)</u></td> </tr> </tbody> </table>	Floor	Saleable Area (Approx.)	G/F	2,014 sq. ft. (187.11 sq. m.)	UG/F	1,625 sq. ft. (150.97 sq. m.)	1/F	8,492 sq. ft. (788.93 sq. m.)	2/F	9,074 sq. ft. (843.00 sq. m.)	3/F	8,662 sq. ft. (804.72 sq. m.)	Total:	29,867 sq. ft. <u>(2,774.71 sq. m.)</u>		
Floor	Saleable Area (Approx.)																
G/F	2,014 sq. ft. (187.11 sq. m.)																
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3/F	8,662 sq. ft. (804.72 sq. m.)																
Total:	29,867 sq. ft. <u>(2,774.71 sq. m.)</u>																

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
	The ancillary area of the property is approximately 140 sq. ft. (13.01 sq. m.).		
	Ancillary Area	Internal Floor Area (Approx.)	
	Flat Roof on 4/F	140 sq. ft. (13.01 sq. m.)	
	The locality of the property is served by public transport services and characterised by residential buildings and composite buildings.		
	The property is held under Condition of Sale No. UB10017 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Lorient Holdings Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. UB5242283 and 18020700790030 dated 20 March 1992 and 18 January 2018 respectively.
- (3) The property is zoned for “Residential (Group A)” use under Approved Shek Kip Mei Outline Zoning Plan No. S/K4/31 dated 23 September 2022.
- (4) The property is subject to the following encumbrances:

For the entire property:

- i. Attested Copy of Letter of Compliance vide Memorial No. UB5510498 dated 30 January 1975.
- ii. Deed of Mutual Covenant with plans vide Memorial No. UB1142788 dated 30 January 1975.
- iii. Deed Poll with Plan vide Memorial No. 18020900810033, 1802090081004 and 18020900810028 all dated 19 January 2018.
- iv. Sub-Deed of Mutual Covenant vide Memorial No. 18020900810097 dated 19 January 2018.
- v. Mortgage in favour of Hang Seng Bank Limited for a consideration of all moneys (PT.) vide Memorial No. 18030101920011 dated 5 February 2018.
- vi. Notice No. “UMB/MB02/2101-030/0001” by the Building Authority under S. 30B(3) of the Buildings Ordinance vide Memorial No. 23011301580211 dated 23 November 2022 (Remarks: common part(s) only).
- vii. Notice No. “UMW/MB02/2101-030/0001” by the Building Authority under S. 30C(3) of the Buildings Ordinance vide Memorial No. 23011301580221 dated 23 November 2022 (Remarks: common part(s) only).
- viii. Order No. “DR00834/K/22” by the Building Authority under S. 28(3) of the Buildings Ordinance with Plan vide Memorial No. 23021500720495 dated 16 December 2022 (Remarks: common part(s) only).

For Portion B of Shop G2 on Ground Floor and Portion B of Shop U2B on Upper Ground Floor of the property only:

- ix. Deed of Grant vide Memorial No. 18020900810088 dated 19 January 2018.
- (5) The property has been granted a Licence of Residential Care Home for the Elderly valid from 1 June 2022 to 31 May 2024 with Licence No. 15199 under the Residential Care Homes (Elderly Persons) Ordinance.

Remarks: The registered notices and order by the Building Authority were addressed to The Incorporated Owners of Nam Cheong Theatre Building in regard to the common parts of the building. As advised by the Company, the notices and order are currently outstanding.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
8. Workshop 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories	The property comprises 2 workshop units on the 36th Floor of King Palace Plaza, which is a 33-storey modern industrial building completed in 2010.	The property is currently occupied by the Group as workshop units.	HK\$13,500,000 (HONG KONG DOLLARS THIRTEEN MILLION AND FIVE HUNDRED THOUSAND)
(16/2,957 equal and undivided shares of and in The Remaining Portion of Tsun Wan Inland Lot No. 27)	As inspected, the property is occupied as workshop units. As per our measurement from the approved additions and alterations plans dated 10 June 2010, the saleable area of the property is approximately 1,715 sq. ft. (159.33 sq. m.) with breakdown as follows:		(100% attributable to the Group: HK\$13,500,000)

Premise	Saleable Area (Approx.)
Unit 3 on 36/F	882 ft ² (81.94 m ²)
Unit 4 on 36/F	833 ft ² (77.39 m ²)
Total:	1,715 sq. ft. <u>(159.33 sq. m.)</u>

The locality of the property is served by public transport services and characterised by industrial buildings of various ages.

The property is held under Conditions of Sale No. UB5087 for a term of 75 years from 1 July 1898 renewable for further 24 years and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Fully Trend Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 15061602280087 dated 1 June 2015.
- (3) The property is zoned for “Other Specified Uses (Business)” use under draft Tsuen Wan Outline Zoning Plan No. S/TW/36 dated 28 April 2023.
- (4) The property is subject to the following encumbrances:
 - i. Occupation Permit No. NT 36/2010 (OP) vide Memorial No. 10073003060375 dated 6 July 2010.
 - ii. Deed of Mutual Covenant and Management Agreement with Plans vide Memorial No. 10083102930174 dated 13 August 2010.
 - iii. Mortgage in favour of China Construction Bank (Asia) Corporation Limited for a consideration of all moneys (PT.) vide Memorial No. 15061602280095 dated 1 June 2015.
 - iv. Assignment of Rentals in favour of China Construction Bank (Asia) Corporation Limited vide Memorial No. 15061602280104 dated 1 June 2015.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
9. Unit A and B on 12/F, Sang Hing Industrial Building, Nos.81-83 Ta Chuen Ping Street, Kwai Chung, New Territories (10/176 equal and undivided shares of and in the Remaining Portion of Lot No. 295 in D.D. 444)	The property comprises 2 workshop units on the 12th Floor of Sang Hing Industrial Building, which is a 15-storey industrial building completed in 1978. As inspected, the property is occupied as a workshop unit. As per our measurement from the approved building plan dated 4 January 1978, the saleable area of the property is approximately 5,100 ft ² (473.81 m ²) with breakdown as follows:	The property is currently occupied by the Group as a workshop unit.	HK\$19,600,000 (HONG KONG DOLLARS NINETEEN MILLION AND SIX HUNDRED THOUSAND) (100% attributable to the Group: HK\$19,600,000)

Premise	Saleable Area (Approx.)
Unit A on 12/F	2,539 ft ² (235.88 m ²)
Unit B on 12/F	2,561 ft ² (237.92 m ²)
Total	5,100 ft ² (473.81 m ²)

The locality of the property is served by public transport services and characterised by industrial buildings of various ages.

The property is held under New Grant No. TW3925 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Fully Trend Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 18021500720024 dated 29 January 2018.
- (3) The property is zoned for “Other Specified Uses (Business)” use under the approved Kwai Chung Outline Zoning Plan No. S/KC/32 dated 13 October 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide Memorial No. TW161940 dated 5 June 1978.
 - ii. Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited for a consideration of all moneys vide Memorial No. 18091001900032 dated 4 September 2018.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
<p>10. Flat No.1 on 4/F Wah Fat Building, Nos. 91, 91A, 93-103 & 103A Hong Ning Road & Nos. 60, 60A, 62-72 & 72A Tung Ming Street, Kowloon</p> <p>(2/386 equal and undivided shares of and in Kwun Tong Inland Lot No. 186 & 187)</p>	<p>The property comprises a residential unit on the 4th Floor of Wah Fat Building, which is a 10-storey composite building completed in 1964. As inspected, the property is occupied as a residential unit.</p> <p>As per our measurement from the approved building plan dated 6 January 1964, the saleable area of the property is approximately 640 ft² (59.46 m²).</p> <p>The locality of the property is served by public transport services and characterised by residential buildings and tenement blocks of various ages.</p> <p>The property is held under the Conditions of Sale No. UB6589 & UB6484 for a term of 21 years from 1 July 1959 renewable for further 17 years and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is currently occupied by the Group as a residential unit.</p>	<p>HK\$5,200,000</p> <p>(HONG KONG DOLLARS FIVE MILLION AND TWO HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$5,200,000)</p>

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Fully Trend Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 18092602090019 dated 11 September 2018.
- (3) The property is zoned for “Residential (Group A)” use under the draft Kwun Tong (South) Outline Zoning Plan No. S/K14S/25 dated 20 October 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant with Plans vide Memorial No. UB436297 dated 15 April 1964.
 - ii. Mortgage in favour of Nanyang Commercial Bank, Limited for a consideration of all moneys vide Memorial No. 19032000280011 dated 28 February 2019.
 - iii. Order No. “DR00862/K/22” by The Building Authority under S. 28(3) of The Buildings Ordinance vide Memorial No. 23020602060020 dated 19 December 2022. (Remark: re: for common part(s) only)

Remarks: The registered order by the Building Authority was addressed to The Incorporated Owners of Wah Fat Building of Hong Ning Road in regard to the common parts of the building. As advised by the Company, the order is currently outstanding.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
11. Flat C on 4th Floor, Yau Lee Building, Nos.9-27 Yee On Street, Kowloon (1/100 equal and undivided shares of and in Kwun Tong Inland Lot No. 181)	<p>The property comprises a residential unit on the 4th Floor of Yau Lee Building, which is a 9-storey composite building completed in 1963. As inspected, the property is occupied as a residential unit.</p> <p>As per our measurement from the approved building plans dated 12 September 1963, the saleable area of the property is approximately 516 ft² (47.94 m²).</p> <p>The locality of the property is served by public transport services and characterised by residential buildings and tenement blocks of various ages.</p> <p>The property is held under the Conditions of Sale No. UB6442 for a term of 21 years from 1 July 1959 renewable for further 17 years and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is currently occupied by the Group as a residential unit.</p>	<p>HK\$5,100,000</p> <p>(HONG KONG DOLLARS FIVE MILLION AND ONE HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$5,100,000)</p>

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Giant Success International Holdings Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 15030402570119 dated 9 February 2015.
- (3) The property is zoned for “Residential (Group A)” use under the draft Kwun Tong (South) Outline Zoning Plan No. S/K14S/25 dated 20 October 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide Memorial No. UB421279 dated 26 November 1963.
 - ii. Notice No. “UMB/MB01/2001–111/0001” by The Building Authority under S. 30B(3) of the Buildings Ordinance vide Memorial No. 21101202080011 dated 20 August 2021. (Remarks: re common part(s) only)
 - iii. Notice No. “UMW/MB01/2001–111/0001” by The Building Authority under S. 30C(3) of the Buildings Ordinance vide Memorial No. 21101202080028 dated 20 August 2021. (Remarks: re common part(s) only)
 - iv. Mortgage in favour of Bank of Communications (Hong Kong) Limited for a consideration of all moneys vide Memorial No. 21120301750034 dated 24 November 2021.
 - v. Order No. “D00108/K/23/TC” by The Building Authority under S. 26 of The Buildings Ordinance vide Memorial No. 23070300790188 dated 28 April 2023. (Remarks: re: for the structural columns and external walls of No.15, Yee On Street facing rear lane)

Remarks: The registered notices and order by the Building Authority was addressed to The Incorporated Owners of Yau Lee Building (Yee On Street) in regard to the common parts of the building. As advised by the Company, the notices and order are currently outstanding.

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Market Value in existing state as at 30 September 2023
12. Flat H On 18/F, Che Wah Building, No.8 Po Ying Lane Kowloon (5/1,184 equal and undivided shares of and in New Kowloon Inland Lot No. 5503)	<p>The property comprises a residential unit on the 18th Floor of Che Wah Building, which is a 23-storey composite building completed in 1978. As inspected, the property is occupied as a residential unit.</p> <p>As per our measurement from the approved building plans dated 13 July 1976, the saleable area of the property is approximately 420 ft² (39.02 m²).</p> <p>The locality of the property is served by public transport services and characterised by residential buildings and tenement blocks of various ages.</p> <p>The property is held under the Conditions of Exchange No. UB10468 for a term of 99 years from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is currently occupied by the Group as a residential unit.</p>	<p>HK\$4,400,000</p> <p>(HONG KONG DOLLARS FOUR MILLION AND FOUR HUNDRED THOUSAND)</p> <p>(100% attributable to the Group: HK\$4,400,000)</p>

Notes:

- (1) The property was inspected on 31 October 2023 by Mr. Eddie Kwok (FRICS FHKIS RPS(GP) RICS Registered Valuer), Senior Director with 27 years of property valuation experience and Mr. Johnny Ho, Assistant Manager with 5 years of property valuation experience.
- (2) The registered owner of the property is Giant Success International Holdings Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 15031102400100 dated 25 February 2015.
- (3) The property is zoned for “Residential (Group A) 3” use under the approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/31 dated 5 May 2023.
- (4) The property is subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide Memorial No. UB1501610 dated 18 February 1978. (Re-registered see Memorial No.1800473)
 - ii. Re-Registration of Deed of Mutual Covenant vide Memorial No. UB1800473 dated 18 February 1978. (Remarks: previously registered by Memorial No. UB1501610)
 - iii. Legal Charge in favour of Fubon Bank (Hong Kong) Limited for a consideration of all moneys vide Memorial No. 22121301370038 dated 25 November 2022.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information in relation to the Proposal, the Scheme, the Offeror and the Group.

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

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares;
- (b) the issued and paid-up share capital of the Company comprised 902,880,000 Shares;
- (c) all of the Shares ranked pari passu in all respects including as to rights to capital, dividends and voting;
- (d) no new Shares had been issued by the Company since 31 March 2023 (being the end of the last financial year of the Company); and
- (e) there were no outstanding options, warrants and conversion rights affecting the Shares.

3. MARKET PRICES

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period, (ii) the Last Trading Day, and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
28 October 2022 (being the Last Trading Day)	0.90
28 April 2023	—
31 May 2023	—
30 June 2023	—
31 July 2023	—
31 August 2023	—
29 September 2023	—
31 October 2023	—
30 November 2023	—
19 December 2023 (being the Latest Practicable Date)	—

Note: Trading in the Shares on the Stock Exchange has been suspended since 28 October 2022.

Highest and lowest prices

Trading in the Shares on the Stock Exchange has been suspended during the Relevant Period.

During the six-month period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.900 on 28 October 2022, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.470 on 28 April 2022.

4. INTERESTS IN THE SHARES

As at the Latest Practicable Date:

- (a) save as disclosed below, none of the Directors were interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

Name of Director	Capacity/ nature of interest	Long position/ short position	Number of Shares	Approximate % of the Company's issued share capital
Chan Yip Keung	Beneficial owner	Long position	888,000	0.10%

Pursuant to the Irrevocable Undertaking given by Mr. Chan Yip Keung, he had undertaken to vote in favour of the Scheme in respect of the Committed Shares owned by him.

- (b) save as disclosed in the paragraph headed “7. Shareholding Structure” in the section headed “Letter from the Board” of this Scheme Document, none of the Offeror, the Offeror Concert Parties (including KPMG Corporate Finance and Rainbow Capital which are presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” under the Takeovers Code) or the Committed Shareholders owned, controlled or had direction over any voting rights and rights over Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (d) no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) no fund managers connected with the Company (other than exempt fund managers) owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares, in each case which are managed on a discretionary basis; and

- (f) none of the Company or any Director has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.

5. DEALINGS IN THE SHARES

During the Relevant Period:

- (a) none of the Offeror, the Offeror Concert Parties (including KPMG Corporate Finance and Rainbow Capital which are presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” in the Takeovers Code) or the Committed Shareholders had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (c) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

During the period commencing from the Announcement Date and ending on the Latest Practicable Date:

- (a) no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) no fund managers connected with the Company (other than exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (c) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or 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” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. INTERESTS AND DEALINGS IN THE OFFEROR'S SHARES

As at the Latest Practicable Date, none of the Company or any of the Directors owned or controlled any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares in the Offeror.

During the Relevant Period, none of the Company or any of the Directors had dealt for value in any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares in the Offeror.

7. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) no benefit would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal;
- (b) save for the Irrevocable Undertaking given by Mr. Chan Yip Keung, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

Arrangements with the Offeror in connection with the Proposal

As at the Latest Practicable Date:

- (a) the Offeror had no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Scheme to any other person, and had no agreement, arrangement or understanding with any third party to do so;
- (b) save for the Irrevocable Undertakings, none of the Offeror and the Offeror Concert Parties had received an irrevocable commitment to vote for or against the Scheme;
- (c) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any Offeror Concert Parties or associates (as defined under the Takeovers Code) of the Offeror;
- (d) save for the Irrevocable Undertaking given by Mr. Chan Yip Keung, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any Offeror Concert Parties on the one

hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal;

- (e) there was no agreement or arrangement to which any of the Offeror or the Offeror Concert Parties is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a Condition to the Proposal; and
- (f) save for the Irrevocable Undertakings, there was no understanding, arrangement, agreement or special deal (as defined in Rule 25 of the Takeovers Code) between any Scheme Shareholder on the one hand and the Offeror and the Offeror Concert Parties on the other hand.

Arrangements with the Company in connection with the Proposal

As at the Latest Practicable Date:

- (a) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Company or 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 under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code; and
- (b) there was no understanding, arrangement, agreement or special deal (as defined in Rule 25 of the Takeovers Code) between any Shareholder on the one hand and the Company, its subsidiaries or associated companies on the other hand.

8. MATERIAL LITIGATION

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

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the offer period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. MATERIAL CONTRACTS

There were no material contracts entered into by any member of the Group within two years before the offer period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group.

11. EXPERTS AND CONSENTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
KPMG Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Rainbow Capital (HK) Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Akron Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
CBRE Advisory Hong Kong Limited	property valuer

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

12. MISCELLANEOUS

- (a) Principal members of the Offeror Concert Parties include:
- (i) the Offeror;
 - (ii) Chime Corporation Limited, Parasia Limited and CCG Healthcare Holdings Limited. Chime Corporation 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;

- (iii) Mr. Wong Hung Han, Mr. Choi Wun Hing Donald and Mr. Tsang Tin For, each being a director of Chime Corporation Limited; and
- (iv) 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 paragraph headed “10. Information on the Offeror” in the section headed “Explanatory Memorandum” of this Scheme Document;

- (b) 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. Tsang Tin For
Parasia Limited	Mr. Tsang Tin For
Chime Corporation Limited	Mr. Choi Wun Hing Donald, Mr. Wong Hung Han and Mr. Tsang Tin For

- (c) The registered office of each of the Offeror, CCG Healthcare Holdings Limited and Parasia Limited is 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;
- (d) The registered office of Chime Corporation Limited is at 35–38/F, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong;
- (e) The correspondence address of all directors of all the principal members of the Offeror Concert Parties, Mr. Jong Yat Kit and Mr. Wong Tak Wai is at 35–38/F, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong;
- (f) KPMG Corporate Finance is one of the Joint Financial Advisors and its registered office is at Floor 1, 3 & 9, South Island Place, 8 Wong Chuk Hang Road, Hong Kong;

- (g) Rainbow Capital is one of the Joint Financial Advisors and its registered office is at Room 5B, 12th Floor, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong;
- (h) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong;
- (i) 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; and
- (j) The registered office of Akron Corporate Finance Limited is at 23A, China United Centre, 28 Marble Road, North Point, Hong Kong.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.pinecaregroup.com and the website of the SFC at www.sfc.hk from the date of this Scheme Document up to and including the Effective Date or the date of which the Scheme lapses or is withdrawn, whichever is the earlier:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for each of the financial year ended 31 March 2021, 2022 and 2023;
- (d) the interim report of the Company for the six months ended 30 September 2023;
- (e) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this Scheme Document;
- (f) 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 Scheme Document;
- (g) the letter from the Independent Financial Advisor, the text of which is set out in the section headed “Letter from the Independent Financial Advisor” of this Scheme Document;

- (h) the property valuation report from CBRE Advisory Hong Kong Limited in respect of the property interests of the Group, the text of which is set out in Appendix II to this Scheme Document;
- (i) the written consents referred to in the section headed “11. Experts and Consents” in this appendix;
- (j) the Irrevocable Undertakings; and
- (k) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 344 OF 2023 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2023
REVISION) AND
IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS
REVISED) AND
IN THE MATTER OF PINE CARE GROUP LIMITED 松齡護老集團有限公司

SCHEME OF ARRANGEMENT BETWEEN

PINE CARE GROUP LIMITED

松齡護老集團有限公司

AND

THE SCHEME SHAREHOLDERS

(AS DEFINED BELOW)

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$0.89 for every Scheme Share cancelled and extinguished pursuant to the Scheme
“Conditions”	the conditions to the Proposal, as set out in the paragraph headed “5. Conditions to the Proposal” in the section headed “Explanatory Memorandum” of this Scheme Document
“Committed Shareholders”	the personal representatives of the TSB Estate and Mr. Chan Yip Keung
“Committed Shares”	10,288,000 Shares held by the Committed Shareholders
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands

“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)
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Monday, 15 January 2024 at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix V to this Scheme Document, or any adjournment thereof
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Financial Advisor”	Akron Corporate Finance Limited, being the independent financial advisor to the Independent Board Committee in relation to the Proposal and the Scheme
“KPMG Corporate Finance”	KPMG Corporate Finance Limited, being one of the joint financial advisors to the Offeror in relation to the Proposal and the Scheme, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Latest Practicable Date”	19 December 2023, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, the Grand Court, on application of the Company, may allow and in all cases, as permitted by the Executive)

“Offeror”	Diamond Ridge Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document
“Rainbow Capital”	Rainbow Capital (HK) Limited, being one of the joint financial advisors to the Offeror in relation to the Proposal and the Scheme, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Scheme”	a scheme of arrangement under Section 86 of the Companies Act for the implementation of the Proposal, involving the cancellation of all the Scheme Shares and the simultaneous restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by the issuance to the Offeror, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled
“Scheme Document”	the composite scheme document jointly issued by the Offeror and the Company to the Shareholders containing, among others, further details of the Proposal, including each of the letters, statements, memorandum, appendices and notices in it
“Scheme Record Date”	27 February 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose determining the entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date, including the Committed Shares, but excluding the Shares held by the Offeror or the Offeror Concert Parties. As at the Latest Practicable Date, 32,043,950 Shares will be regarded as Scheme Shares and subject to the Scheme

“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares as at the Scheme Record 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
“Share Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“TSB Estate”	the estate of Mr. Tang Shing Bor (deceased)

- (B) The Company was incorporated as an exempted company on 18 August 2015 with limited liability in the Cayman Islands.
- (C) 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 with a par value of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$9,028,800 divided into 902,880,000 Shares, with the remainder being unissued. Since 9 February 2017, the issued shares of the Company have been listed on the Main Board of the Stock Exchange
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company by cancelling all the Scheme Shares in consideration of the Cancellation Price such that the Company shall thereafter become wholly owned by the Offeror. Simultaneously with the cancellation of all the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied to pay up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

- (F) As at the Latest Practicable Date:
- (i) the Company had 902,880,000 Shares in issue;
 - (ii) the Offeror held 870,836,050 Shares, representing approximately 96.45% of the total issued Shares; and
 - (iii) the remaining 32,043,950 Shares, including the Committed Shares, representing approximately 3.55% of the total issued Shares, constituted the Scheme Shares.
- (G) The Offeror will procure that any Shares in respect of which it is legally or beneficially interested will not be represented or voted at the Court Meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme.
- (H) The Offeror has undertaken to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to the Scheme.

THE SCHEME

PART I

CANCELLATION OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) all Scheme Shares shall be cancelled and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except for the right to receive the Cancellation Price;
 - (b) simultaneously with the cancellation of all the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled; and
 - (c) the Company shall apply the reserve created in its books of accounts as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares issued, credited as fully paid, to the Offeror.

PART II

CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Price to each Scheme Shareholder as appears in the register of members of the Company on the Scheme Record Date.

**PART III
GENERAL**

3. (a) As soon as possible but in any event within seven Business Days following the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of such sums payable to such Scheme Shareholders pursuant to paragraph 2 of the Scheme.
- (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, KPMG Corporate Finance, Rainbow Capital, the Independent Financial Advisor and the Share Registrar and their respective ultimate beneficial owners, directors, employees, officers, agents, advisors, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of the Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror (or its nominee) shall hold such monies represented by such uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction required by law and expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of the Scheme, including accrued interest subject to, if applicable, any deduction required by law and expenses incurred.
 - (g) Paragraph 3(f) shall take effect subject to any prohibition or condition imposed by law.
4. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Offeror, to deliver up such certificates to the Offeror, or to any person appointed by the Offeror, to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.
6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 344 OF 2023 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2023
REVISION) AND
IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS
REVISED) AND
IN THE MATTER OF PINE CARE GROUP LIMITED 松齡護老集團有限公司

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (“**Order**”) dated 13 December 2023 made in the above matter, the Grand Court of the Cayman Islands (“**Grand Court**”) has directed a meeting (“**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (“**Scheme**”) proposed to be made between Pine Care Group Limited (“**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Monday, 15 January 2024 (Hong Kong time) at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory memorandum (“**Explanatory Memorandum**”) explaining the effect of the Scheme are incorporated in the scheme document, of which this notice forms a part (“**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document may also be obtained by any Scheme Shareholder from the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Any Scheme Shareholder may attend and vote in person at the Court Meeting or he/she/it may appoint another person, whether a member of the Company or not, as his/her/its proxy to attend and vote in his/her/its stead. Any Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her/it. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A **PINK** form of proxy for use at the Court Meeting is enclosed with the Scheme Document. Such form is also published on the website of the Stock Exchange at www.hkexnews.hk and on the Company’s website at www.pinecaregroup.com.

In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

It is requested that the **PINK** form of proxy in respect of the Court Meeting, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no less than 48 hours before the time appointed for the holding of the Court Meeting or any adjournment thereof. The **PINK** form of proxy may alternatively be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

Completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof, and in such event, the relevant form of proxy will be revoked by operation of law.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Wednesday, 10 January 2024 to Monday, 15 January 2024 (Hong Kong time) (both days inclusive), and during such period, no transfer of the Shares will be effected. In order to qualify to attend and vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 9 January 2024 (Hong Kong time).

By the Order, the Court has appointed any one of the independent non-executive directors of the Company, or failing whom, any other person who is an officer of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results thereof to the Court.

The Scheme will be subject to the subsequent sanction of the Court as set out in the Explanatory Memorandum contained in the Scheme Document.

By order of the Court
Pine Care Group Limited
松齡護老集團有限公司

Dated 22 December 2023

Registered Office:

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

Principal place of business in Hong Kong:

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

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.

2. Voting at the Court Meeting will be taken by way of poll as required under the Listing Rules and the Takeovers Code.
3. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting, the Court Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify members of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the board of directors of the Company comprises ten directors, namely, 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; Mr. Chan Yip Keung as 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.



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“**General Meeting**”) of Pine Care Group Limited (“**Company**”) will be held at Function Room 2, 11/F, Nina Hotel Tsuen Wan West, 8 Yeung Uk Road, Tsuen Wan, Hong Kong on Monday, 15 January 2024 at 10:30 a.m. (Hong Kong time) (or, if later, immediately after the conclusion or adjournment of the meeting of the Scheme Shareholders (as defined in the Scheme hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions.

SPECIAL RESOLUTION

1. “**THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (“**Scheme**”) as set out in the scheme document of the Company dated 22 December 2023 (“**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting, on the Effective Date, any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares be and is hereby approved; and
- (b) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme, including (without limitation) giving consent to any modification of, or addition to, the Scheme or the reduction of the number of issued shares in the share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

ORDINARY RESOLUTION

2. “**THAT:**

- (a) subject to and simultaneously with the cancellation of the Scheme Shares, the number of issued shares in the share capital of the Company be restored to its former amount by allotting and issuing to Diamond Ridge Holdings Limited,

credited as fully paid at par, the same number of ordinary shares (“**Shares**”) of HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled;

- (b) the credit arising in the books of account of the Company consequent upon any reduction of its issued share capital resulting from the cancellation of the Scheme Shares shall be applied by the Company in paying up in full at par the new Shares allotted and issued to Diamond Ridge Holdings Limited pursuant to sub-paragraph (a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
- (c) the directors of the Company be and are hereby authorised to do all acts and things and/or sign all such documents as considered by them to be necessary for or desirable in connection with the implementation of the Proposal and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of the issued share capital of the Company; (iii) the allotment and issue of the Shares referred to in sub-paragraph (a) above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose and to do all other acts and things and/or sign all such other documents considered by them to be necessary for or desirable in connection with the implementation of the Scheme.”

By order of the Board
Pine Care Group Limited
松齡護老集團有限公司
Lo Sze Hung
Company Secretary

Hong Kong, 22 December 2023

Registered Office:

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

Principal place of business in Hong Kong:

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

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. Voting at the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.
3. A **WHITE** form of proxy for use at the General Meeting is enclosed with the Scheme Document.

4. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
5. In order to be valid, the **WHITE** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged at the Company's Hong Kong branch share registrar, Tricor Investors Service Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof. Completion and return of the **WHITE** form of proxy will not preclude a member from attending and voting in person at the General Meeting or any adjournment thereof. In the event that a member attends and votes at the General Meeting after having lodged his form of proxy, his form of proxy shall be revoked by operation of law.
6. In the case of joint holders of a Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
7. For the purpose of determining the entitlements of Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Wednesday, 10 January 2024 to Monday, 15 January 2024, both days inclusive, and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investors Service Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. (Hong Kong time) on Tuesday, 9 January 2024.
8. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. on the date of the General Meeting, the General Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify members of the date, time and venue of the rescheduled meeting.

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